

DRAFT ANNUAL BUDGET OF

POLOKWANE MUNICIPALITY



2016/17 TO 2018/19
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS

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Abbreviations and Acronyms

| | | | |
|--------|--|-------|---|
| ASGISA | Accelerated and Shared Growth Initiative | M | Mayor |
| BPC | Budget Planning Committee | MBRR | Municipal Budget & Reporting Regulations |
| CFO | Chief Financial Officer | MEC | Member of the Executive Committee |
| CM | Municipality Manager | MFMA | Municipal Financial Management Act |
| CPI | Consumer Price Index | MIG | Municipal Infrastructure Grant |
| CRRF | Capital Replacement Reserve Fund | MPRA | Municipal Properties Rates Act |
| DBSA | Development Bank of South Africa | MSA | Municipal Systems Act |
| DoRA | Division of Revenue Act | MTEF | Medium-term Expenditure Framework |
| DWA | Department of Water Affairs | MTREF | Medium-term Revenue and Expenditure Framework |
| EE | Employment Equity | NERSA | National Electricity Regulator South Africa |
| EEDSM | Energy Efficiency Demand Side Management | NGO | Non-Governmental Organisations |
| FBS | Free basic services | NKPIs | National Key Performance Indicators |
| GAMAP | Generally Accepted Municipal Accounting Practice | OHS | Occupational Health and Safety |
| GDP | Gross Domestic Product | OP | Operational Plan |
| GDS | Gauteng Growth and Development Strategy | PBO | Public Benefit Organisations |
| GFS | Government Financial Statistics | PHC | Provincial Health Care |
| GRAP | General Recognised Accounting Practice | PMS | Performance Management System |
| HR | Human Resources | PPE | Property Plant and Equipment |
| HSRC | Human Science Research Council | PPP | Public Private Partnership |
| IDP | Integrated Development Plan | PTIS | Public Transport Infrastructure System |
| IT | Information Technology | RG | Restructuring Grant |
| kℓ | kilolitre | RSC | Regional Services Council |
| km | kilometre | SALGA | South African Local Government Association |
| KPA | Key Performance Area | SAPS | South African Police Service |
| KPI | Key Performance Indicator | SDBIP | Service Delivery Budget |
| kWh | kilowatt hour | | Implementation Plan |
| ℓ | litre | SMME | Small Micro and Medium Enterprises |
| LED | Local Economic Development | | |

Part 1 – Draft annual budget

1.1 Mayor's Report

CLLR T. NKADIMENG PRESENTED TO THE MUNICIPAL COUNCIL ON THE OCCASION OF THE CONSIDERATION OF THE APPROVAL OF THE 2016/2017, 2017/2018, 2018/2019 DRAFT BUDGET IN THE COUNCIL CHAMBERS, POLOKWANE,

ON THURSDAY 31 MARCH 2016

1.2 Council Resolutions

On 31 March 2016 the Council of Polokwane Municipality Local Municipality met in the Council Chambers of Polokwane Municipality to consider the draft annual budget of the municipality for the financial year 2016/17. The Council approved and adopted the following resolutions:

1. The draft annual budget of the municipality for the financial year 2016\17 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. A high-level Budget summation of the Municipality's operating – and capital budgets, cash flow financial position, asset management as contained in Table A1
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2
 - 1.1.3. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3
 - 1.1.4. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4
 - 1.1.5. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5
2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table A6
 - 1.2.2. Budgeted Cash Flows as contained in Table A7
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in A8
 - 1.2.4. Asset management as contained in A9
 - 1.2.5. Basic service delivery measurement as contained in A10
2. The Council of Polokwane Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016:
 1. the tariffs for property rates – as set out in Annexure A,
 2. the tariffs for electricity – as set out in Annexure A
 3. the tariffs for the supply of water – as set out in Annexure A
 4. the tariffs for sanitation services – as set out in Annexure A

5. the tariffs for solid waste services – as set out in Annexure A
 6. other tariffs – as set out in Annexure A
3. To give proper effect to the draft annual budget, the Council of Polokwane Local Municipality approves:
- That unspent conditional grants be cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations
4. That Council take cognisance and mandates the Accounting Officer to initiate and implement off-balance sheet projects as a way of alternate funding and revenue models.\
5. **That Council approve draft budget of PHA for implementation as attached**
6. **That the following reviewed budget related policies be approved for implementation: (Annexure B)**
- ✓ Borrowing Policy
 - ✓ Petty Cash Policy
 - ✓ Budget Policy
 - ✓ Funding and reserves Policy
 - ✓ Indigent Policy
 - ✓ Cash management and Investment Policy
 - ✓ Supply chain management Policy
 - ✓ Credit control and debt collection Policy
 - ✓ Tariff Policy
 - ✓ Rates Policy
 - ✓ Leave Policy
 - ✓ Virement Policy
 - ✓ Asset Management Policy
 - ✓ Loss and Claims Policy
 - ✓ Subsistence and Travel Policy

The application of sound financial management principles for the compilation of the Polokwane Municipality's Medium Term Revenue Expenditure Framework (MTREF) draft budget plan is essential and critical to ensure that the City remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Polokwane Municipality business and service delivery priorities were reviewed as part of this year's planning and budget process. Municipality main focus for this MTREF draft budget was premised around appropriating more resources to capital expenditure programmes which seeks to address the backlog in the municipality while consideration was given for capital renewal programme. Municipality followed MFMA circular 79-82 in preparation of this budget and critical review was also undertaken of expenditures on non-core and 'nice to have' items.

The Polokwane Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers, debt collectors were appointed to follow on long outstanding debtors while the credit control and debt collection policy was reviewed to include key strategies to deal with efficient collection of revenue. Municipality is at advance stage of appointing additional debt collectors to enforce credit control such as terminations, restrictions and other strategies.

The Municipality through the leadership of the Executive Mayor has undertaken Monday sessions with rate payers as part of customer care, data cleansing, indigent support and correct billing initiatives to ensure that the municipality truly involves all citizens in the process of ensuring a people lead government. This and other strategic initiatives are yielding improved revenue management.

National Treasury's MFMA Circular No. **79-82** were amongst other guidelines used in the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy resulting in job losses, increasing debt due to the reduction in the disposable income per household and high cost of other goods and services;
- Budgeting for the maintenance and refurbishment of ailing and insufficiently maintained water, roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and current cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Lepelle Northern Water and Eskom), which is placing upward pressure on service tariffs to residents. These tariffs increases will affect the levels of affordability for both residential and business consumers, and the consequences of escalating debt will be unavoidable despite credit control measures being instituted.
- Budgeting for growth of the City with regard to capital, operational and human resources needs including an increase in employee related costs and
- Unfunded mandates

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 draft annual budget;

- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPIX, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- motivation setting out the intention and cost of the expenditure which was used to prioritize expenditures:
 - Special Projects;
 - Consultant Fees;
 - Furniture and office equipment;
 - Special Events;
 - Refreshments and entertainment;
 - Ad-hoc travelling; and
 - Subsistence, Travelling & Conference fees (national & international).

The following was taken into consideration when compiling the budget:

Revenue: Tariff increases:

- **Electricity:** NERSA has issued a guideline percentage price increase of 10% on electricity sales for 2016/17.
 - **Water services:** It is proposed to increase water tariffs with 6%.
 - **Sanitation:** It is proposed that sanitation services be increased by 10%
 - **Waste Removal:** It is proposed to increase tariffs by 10%.
 - **Assessment rates:** It is proposed to increase rates by 6%
- .
1. **Other tariffs:** These tariffs will increase at a CPIX rate as outline in circular 78 and 79 issued by National Treasury.

| Description | 2016/17 | 2017/18 | 2018/19 |
|---------------------------------------|---------|---------|---------|
| Property rates | 6% | 6% | 6% |
| Service charges - electricity revenue | 10% | 9.4% | 9.4% |
| Service charges - water revenue | 6% | 6% | 6% |
| Service charges - sanitation revenue | 10% | 10% | 10% |
| Service charges - refuse revenue | 6% | 6% | 6% |

Revenue by Source

| Description | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | | | | |
|--|----------------------|-------------|---|-------------|------------------------|-------------|------------------------|-------------|
| R thousand | Adjusted Budget | % | Budget Year 2016/17 | % | Budget Year +1 2017/18 | % | Budget Year +2 2018/19 | % |
| Revenue By Source | | | | | | | | |
| Property rates | 314,000 | 13% | 332,000 | 12.8% | 351,920 | 12.58% | 373,035 | 12.37% |
| Property rates - penalties & collection charges | - | 0% | - | 0.0% | - | 0.00% | - | 0.00% |
| Service charges - electricity revenue | 793,523 | 32% | 872,876 | 33.7% | 954,926 | 34.13% | 1,044,689 | 34.63% |
| Service charges - water revenue | 258,995 | 10% | 274,535 | 10.6% | 291,007 | 10.40% | 308,467 | 10.23% |
| Service charges - sanitation revenue | 55,326 | 2% | 60,858 | 2.3% | 66,944 | 2.39% | 73,639 | 2.44% |
| Service charges - refuse revenue | 63,262 | 3% | 67,058 | 2.6% | 71,081 | 2.54% | 75,346 | 2.50% |
| Service charges | - | 0% | - | 0.0% | - | 0.00% | - | 0.00% |
| Rental of facilities and equipment | 19,221 | 1% | 13,500 | 0.5% | 14,000 | 0.50% | 14,600 | 0.48% |
| Interest earned - external investments | 37,000 | 1% | 25,100 | 1.0% | 27,300 | 0.98% | 28,600 | 0.95% |
| Interest earned - outstanding debtors | 25,800 | 1% | 2,140 | 0.1% | 18,900 | 0.68% | 17,580 | 0.58% |
| Dividends received | - | 0% | - | 0.0% | - | 0.00% | - | 0.00% |
| Fines | 13,726 | 1% | 12,000 | 0.5% | 12,300 | 0.44% | 13,000 | 0.43% |
| Licences and permits | 9,570 | 0% | 12,500 | 0.5% | 11,000 | 0.39% | 12,400 | 0.41% |
| Agency services | 16,596 | 1% | 18,800 | 0.7% | 19,500 | 0.70% | 20,100 | 0.67% |
| Transfers recognised - operational | 678,860 | 27% | 830,078 | 32.0% | 900,621 | 32.19% | 976,624 | 32.38% |
| Other revenue | 162,538 | 7% | 51,300 | 2.6% | 57,600 | 2.06% | 57,800 | 1.92% |
| Gains on disposal of PPE | 30,200 | 1% | 2,100 | 0.1% | 625 | 0.02% | 550 | 0.02% |
| Total Revenue (excluding capital transfers and contributions) | 2,478,616 | 100% | 2,574,844 | 100% | 2,797,724 | 100% | 3,016,430 | 100% |
| Rates and Service Charges | 1,485,106 | 60% | 1,607,326 | 62% | 1,735,878 | 62% | 1,875,176 | 62% |

Expenses

- Electricity bulk purchases** have been increased by 9.47% in line with NERSA guidelines.
- Water bulk purchases** have been increased by 6.6% in line with National Treasury's inflation forecasts.
- Salaries and allowances** have been increased by 6% which is in line with National Treasury's inflation forecasts and SALGA bargaining agreement.

5. **Other expenses** will increase at rate of CPIX

6. **Other Materials** has decreased significantly when compared to adjustments budget as a decision was taken to invest into assets renewal as part of Smart City vision. Therefore, as a result, more funds are allocated to a new vote on the capital programme called Asset Renewal Programme.

7. **Borrowing** cost is projected at 10.5%

Expenditure by Type

| R thousand | Adjusted Budget | % | Budget Year 2016/17 | % | Budget Year +1 2017/18 | % | Budget Year +2 2018/19 | % |
|---------------------------------|------------------|-------------|---------------------|-------------|------------------------|-------------|------------------------|-------------|
| Expenditure By Type | | | | | | | | |
| Employee related costs | 571,431 | 25% | 644,989 | 27% | 683,688 | 27% | 731,546 | 27% |
| Remuneration of councillors | 25,780 | 1% | 35,326 | 2% | 37,446 | 1% | 39,693 | 1% |
| Debt impairment | 50,000 | 2% | 50,000 | 2% | 65,000 | 3% | 67,000 | 2% |
| Depreciation & asset impairment | 205,000 | 9% | 185,000 | 8% | 209,000 | 8% | 211,000 | 8% |
| Finance charges | 37,000 | 2% | 38,000 | 2% | 88,000 | 3% | 88,000 | 3% |
| Bulk purchases | 755,500 | 33% | 839,635 | 36% | 919,148 | 36% | 1,006,192 | 37% |
| Other materials | 201,353 | 9% | 113,787 | 5% | 120,615 | 5% | 127,852 | 5% |
| Contracted services | 86,130 | 4% | 91,298 | 4% | 87,607 | 3% | 89,162 | 3% |
| Transfers and grants | 17,180 | 1% | 11,500 | 0% | 2,500 | 0% | 2,500 | 0% |
| Other expenditure | 372,597 | 16% | 339,352 | 14% | 341,629 | 13% | 360,129 | 13% |
| Loss on disposal of PPE | – | | – | | – | | – | |
| Total Expenditure | 2,321,970 | 100% | 2,348,887 | 100% | 2,554,633 | 100% | 2,723,074 | 100% |

Tariff modelling exercise has been undertaken to ensure financial sustainability of the municipality as required by circular 78 issued by National Treasury. Tariffs above inflation rate were considered after the careful consideration of tariff modelling exercise in order to cover the cost of operation. In order to avoid imposing excessive rates, the municipality will phase the increase over the period of four years.

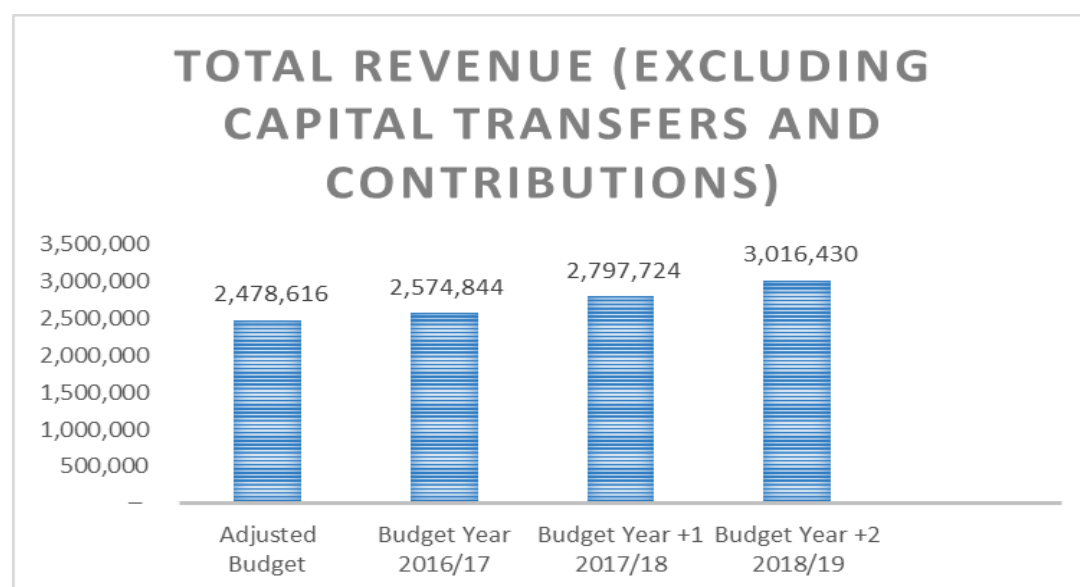
Capital Budget

- The funds available for capital expenditure from conditional grants for the following 3 years are R464 689 million, R492 284 million and R536 976 million respectively.
- The loan application to fund capital projects for the following 3 years are R235 000 million, R134 000 million and R 71 000 million respectively

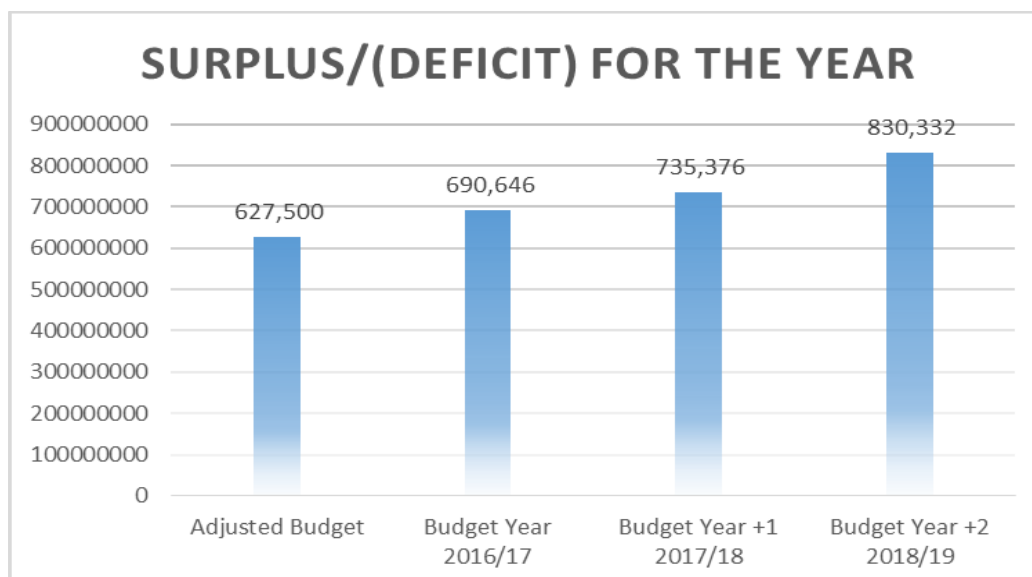
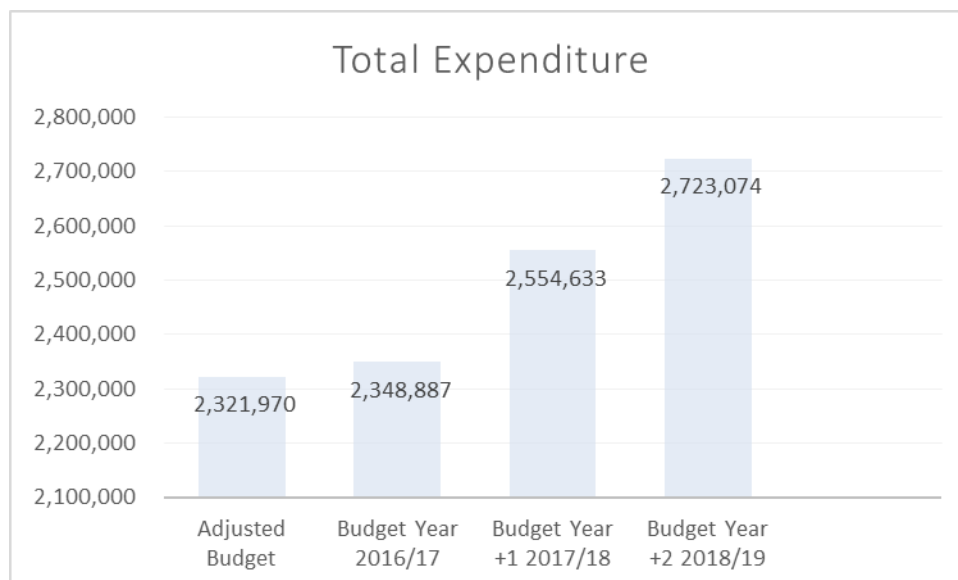
Table 1 Consolidated Overview of the 2016/17 MTREF

| Description | Current Year 2015/16 | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-------------------------|--|---------------------------|---------------------------|
| | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Total Revenue (excluding capital transfers and contributions) | 2,478,616 | 2,574,844 | 2,797,724 | 3,016,430 |
| Total Expenditure | 2,321,970 | 2,348,887 | 2,554,633 | 2,723,074 |
| Surplus/(Deficit) for the year | 627,500 | 690,646 | 735,376 | 830,332 |

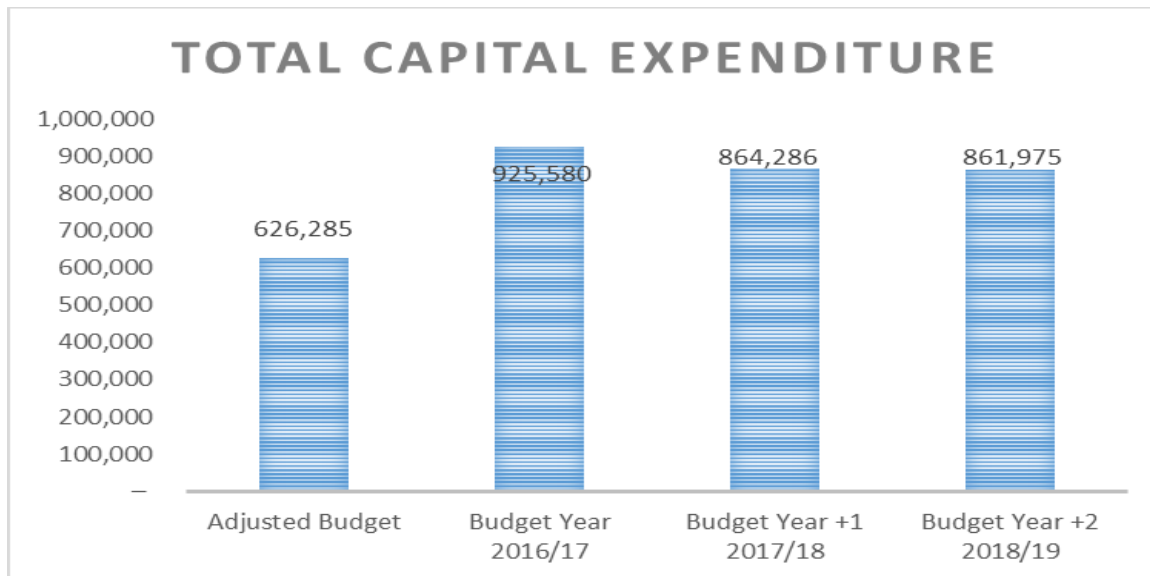
Total operating revenue has grown by 3.9 per cent or **R 96 288 million** for the 2016/17 financial year as compared to the 2015/16 Adjustments Budget. For two outer years, operational revenue is projected to increase by **8.7** and **7.8** per cent respectively, equating to a total revenue growth of **R 441 586 million** over the MTREF. Below is the graphical depiction of operating revenue over Medium Term Revenue Expenditure Framework period (MTREF)



Total operating expenditure for the 2016/17 budget year has been appropriated at R2.3 billion and translates into a budgeted surplus of R690 646 million. When compared to the 2015/16 Adjustments Budget, operational expenditure has grown by 1.2 per cent in 2015/16 budget year and by 8.8 and 6.6 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily increases to R 830.322 million. Below is the graphical depiction of operating expenditure and surplus over the MTREF period.

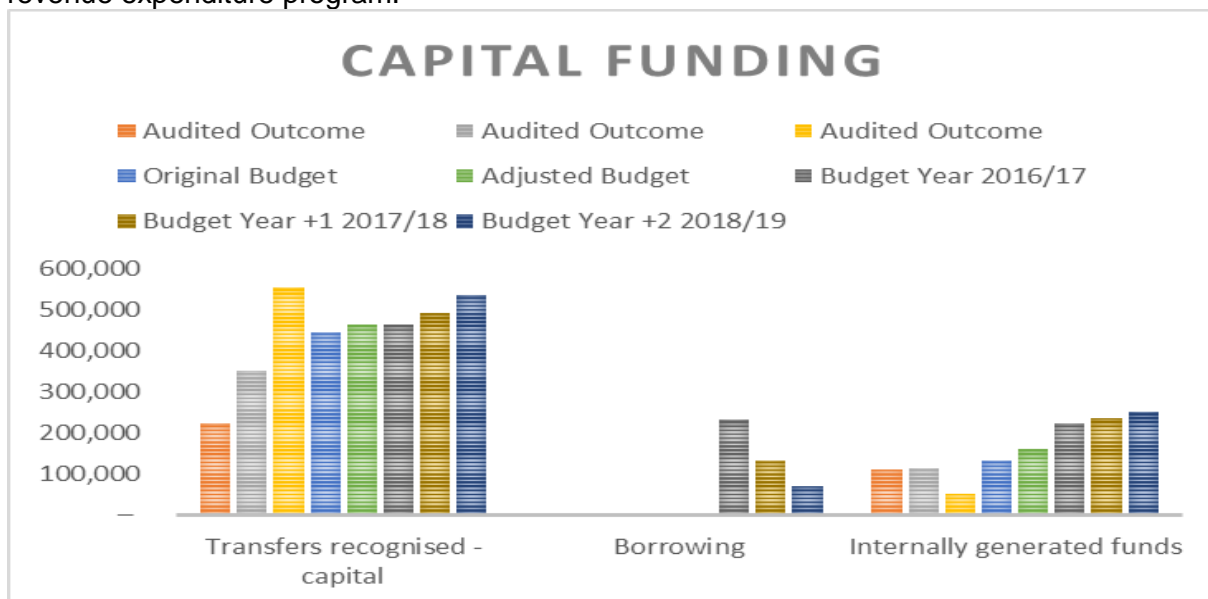


This surplus will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.



The municipality has committed itself to spent more funding through CRR on capital project as part of the commitment to the renewal of the existing assets and investment in infrastructure assets

Government grants and subsidies increased by 11% compared to 2016/17 original budget
Municipality will make use of off-balance sheet projects to augment some of the key capital and revenue expenditure program.



The City continuously affirms the commitment of pushing back the frontiers of poverty and the adverse social and economic realities. As a result thereof, social relief will be provided to the elderly, indigent child-headed families and registered indigent's households as follows:

- Free 6 kl of water monthly
- Sanitation-100% rebate

- Refuse-100% rebate
- Free 100kw electricity monthly
- Basic charge-100% rebate
- Exemption of first R100 000 market value rating on residential properties

1.3 Operating Revenue Framework

For Polokwane Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Energy Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to electricity;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue By Source | | | | | | | | | | |
| Property rates | 254,721 | 285,392 | 256,187 | 332,477 | 314,000 | 314,000 | 314,000 | 332,000 | 351,920 | 373,035 |
| Property rates - penalties & collection charges | | | | | | | | | | |
| Service charges - electricity revenue | 605,486 | 616,926 | 658,255 | 793,523 | 793,523 | 793,523 | 793,523 | 872,876 | 954,926 | 1,044,689 |
| Service charges - water revenue | 221,060 | 211,680 | 223,249 | 258,995 | 258,995 | 258,995 | 258,995 | 274,535 | 291,007 | 308,467 |
| Service charges - sanitation revenue | 46,449 | 48,588 | 49,065 | 55,326 | 55,326 | 55,326 | 55,326 | 60,858 | 66,944 | 73,639 |
| Service charges - refuse revenue | 51,305 | 54,773 | 57,388 | 63,262 | 63,262 | 63,262 | 63,262 | 67,058 | 71,081 | 75,346 |
| Service charges - other | - | - | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | 12,154 | 16,231 | 12,264 | 21,221 | 19,221 | 19,221 | 19,221 | 13,500 | 14,000 | 14,600 |
| Interest earned - external investments | 23,017 | 30,547 | 35,721 | 31,000 | 37,000 | 37,000 | 37,000 | 25,100 | 27,300 | 28,600 |
| Interest earned - outstanding debtors | 7,377 | 51,302 | 45,798 | 31,800 | 25,800 | 25,800 | 25,800 | 2,140 | 18,900 | 17,580 |
| Dividends received | - | - | - | - | - | - | - | - | - | - |
| Fines | 2,627 | 12,347 | 9,846 | 13,726 | 13,726 | 13,726 | 13,726 | 12,000 | 12,300 | 13,000 |
| Licences and permits | 8,816 | 8,909 | 9,196 | 9,569 | 9,570 | 9,570 | 9,570 | 12,500 | 11,000 | 12,400 |
| Agency services | 13,892 | 16,040 | 15,608 | 16,596 | 16,596 | 16,596 | 16,596 | 18,800 | 19,500 | 20,100 |
| Transfers recognised - operational | 397,176 | 478,178 | 526,244 | 586,860 | 678,860 | 678,860 | 678,860 | 830,078 | 900,621 | 976,624 |
| Other revenue | 23,430 | 33,806 | 26,830 | 67,909 | 162,537 | 162,537 | 162,537 | 51,300 | 57,600 | 57,800 |
| Gains on disposal of PPE | 1,451 | 305 | 172 | 30,200 | 30,200 | 30,200 | 30,200 | 2,100 | 625 | 550 |
| Total Revenue (excluding capital transfers and contributions) | 1,668,960 | 1,865,025 | 1,925,822 | 2,312,463 | 2,478,616 | 2,478,616 | 2,478,616 | 2,574,844 | 2,797,724 | 3,016,430 |

Table 3 Percentage growth in revenue by main revenue source

| Description | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | | | | |
|--|----------------------|-------------|---|-------------|------------------------|-------------|------------------------|-------------|
| | Adjusted Budget | % | Budget Year 2016/17 | % | Budget Year +1 2017/18 | % | Budget Year +2 2018/19 | % |
| Revenue By Source | | | | | | | | |
| Property rates | 314,000 | 13% | 332,000 | 12.8% | 351,920 | 12.58% | 373,035 | 12.37% |
| Property rates - penalties & collection charges | - | 0% | - | 0.0% | - | 0.00% | - | 0.00% |
| Service charges - electricity revenue | 793,523 | 32% | 872,876 | 33.7% | 954,926 | 34.13% | 1,044,689 | 34.63% |
| Service charges - water revenue | 258,995 | 10% | 274,535 | 10.6% | 291,007 | 10.40% | 308,467 | 10.23% |
| Service charges - sanitation revenue | 55,326 | 2% | 60,858 | 2.3% | 66,944 | 2.39% | 73,639 | 2.44% |
| Service charges - refuse revenue | 63,262 | 3% | 67,058 | 2.6% | 71,081 | 2.54% | 75,346 | 2.50% |
| Service charges | - | 0% | - | 0.0% | - | 0.00% | - | 0.00% |
| Rental of facilities and equipment | 19,221 | 1% | 13,500 | 0.5% | 14,000 | 0.50% | 14,600 | 0.48% |
| Interest earned - external investments | 37,000 | 1% | 25,100 | 1.0% | 27,300 | 0.98% | 28,600 | 0.95% |
| Interest earned - outstanding debtors | 25,800 | 1% | 2,140 | 0.1% | 18,900 | 0.68% | 17,580 | 0.58% |
| Dividends received | - | 0% | - | 0.0% | - | 0.00% | - | 0.00% |
| Fines | 13,726 | 1% | 12,000 | 0.5% | 12,300 | 0.44% | 13,000 | 0.43% |
| Licences and permits | 9,570 | 0% | 12,500 | 0.5% | 11,000 | 0.39% | 12,400 | 0.41% |
| Agency services | 16,596 | 1% | 18,800 | 0.7% | 19,500 | 0.70% | 20,100 | 0.67% |
| Transfers recognised - operational | 678,860 | 27% | 830,078 | 32.0% | 900,621 | 32.19% | 976,624 | 32.38% |
| Other revenue | 162,538 | 7% | 51,300 | 2.6% | 57,600 | 2.06% | 57,800 | 1.92% |
| Gains on disposal of PPE | 30,200 | 1% | 2,100 | 0.1% | 625 | 0.02% | 550 | 0.02% |
| Total Revenue (excluding capital transfers and contributions) | 2,478,616 | 100% | 2,574,844 | 100% | 2,797,724 | 100% | 3,016,430 | 100% |
| Rates and Service Charges | 1,485,106 | 60% | 1,607,326 | 62% | 1,735,878 | 62% | 1,875,176 | 62% |

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2015/16 financial year, revenue from rates and services charges totalled R1.485 billion or 60 per cent. This increases to R1.607 billion, R1.735 billion and R1.875 billion in the respective financial years of the MTREF. This growth can be mainly attributed to the supplementary valuation rolls and the increased share that the sale of electricity and water contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity and bulk water. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 59 MBRR SA1.

Operating Grants & Subsidies are the second largest revenue source totalling 27 per cent in 2015/16 and increases at 32 per cent in 2016/17. Property rates are the third largest revenue source totalling 13 per cent or R332.0 million rand in 2016/17 and increases to R351.9 million by 2017/18. Departments have been urged to review the tariffs of items like building plan fees,

connection fees, advertisements and permits and licenses on an annual basis to ensure they are cost reflective and market related. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

| Description | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|------------------------|---|------------------------|------------------------|
| | | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | Adjusted Budget | | | |
| RECEIPTS: | | | | |
| Operating Transfers and Grants | | | | |
| National Government: | 678,860 | 809,381 | 878,683 | 953,369 |
| Local Government Equitable Share | 522,595 | 675,714 | 757,286 | 830,052 |
| Finance Management | 1,875 | 2,619 | 2,979 | 3,234 |
| Department of Water Affairs | | | | |
| Municipal Systems Improvement | 930 | – | – | – |
| Public Transport | 11,000 | 19,451 | 20,613 | 22,056 |
| Infrastructure skills development fund | 5,000 | 6,000 | 6,213 | 6,500 |
| Expanded public works programme incentive grant | – | | | |
| FIFA Local Organizing Committee | | | | |
| Integrated national electrification programme grant | 40,000 | 45,000 | 40,000 | 40,000 |
| Expanded public works programme incentive grant | | | | |
| Municipal Infrastructure (MIG) | 42,800 | 45,671 | 48,548 | 51,527 |
| Expanded public works programme incentive grant | 2,660 | 5,975 | | |
| | 52,000 | | | |
| Municipal Demarcation | | 8,952 | 3,044 | – |
| Total Operating Transfers and Grants | 678,860 | 809,381 | 878,683 | 953,369 |

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.3.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circulars No. 66 and 67 deals, inter alia, with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R100 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further maximum R85 000 reduction on the market value of a property will be granted to all properties with a valuation of R100 000 or less in terms of the Municipality's own Property Rates Policy;
- Rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, a rebate of 40 percent will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not exceed the amount equal to twice the annual state pension as approved by National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

Table 10 MBRR Table SA14 – Household bills

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|---------------------|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Rand/cent | | | | | | | % incr. | | | |
| Monthly Account for Household - 'Middle Income Range' | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | |
| Property rates | 370,34 | 247,05 | 215,00 | 235,00 | 235,00 | 235,00 | 6,0% | 249,10 | 264,05 | 279,89 |
| Electricity: Basic levy | | | 64,00 | 68,00 | 68,00 | 68,00 | 72,08 | 74,80 | 81,83 | 89,52 |
| Electricity: Consumption | 998,19 | 1 089,00 | 1 106,50 | 1 229,00 | 1 229,00 | 1 229,00 | 10,0% | 1 351,90 | 1 478,98 | 1 618,00 |
| Water: Basic levy | | | | - | - | - | | | | |
| Water: Consumption | 216,59 | 231,10 | 247,25 | 271,80 | 271,80 | 271,80 | 6,0% | 288,11 | 305,39 | 323,72 |
| Sanitation | 53,47 | 44,45 | 47,56 | 52,31 | 52,31 | 52,31 | 10,0% | 57,54 | 63,30 | 69,62 |
| Refuse removal | 70,00 | 74,90 | 79,39 | 87,32 | 87,32 | 87,32 | 6,0% | 92,56 | 98,11 | 104,00 |
| Other | | 100,00 | 100,00 | 100,00 | 100,00 | 100,00 | | 100,00 | 100,00 | 100,00 |
| sub-total | 1 708,59 | 1 786,50 | 1 859,70 | 2 043,43 | 2 043,43 | 2 043,43 | 8,3% | 2 214,01 | 2 391,66 | 2 584,76 |
| VAT on Services | 187,36 | 215,52 | 233,06 | 253,18 | 253,18 | 253,18 | | 275,09 | 297,87 | 322,68 |
| Total large household bill: | 1 895,95 | 2 002,02 | 2 092,76 | 2 296,61 | 2 296,61 | 2 296,61 | 8,4% | 2 489,10 | 2 689,52 | 2 907,44 |
| % increase/decrease | | 5,6% | 4,5% | 9,7% | - | - | 8,4% | 8,1% | 8,1% | |
| Monthly Account for Household - 'Affordable Range' | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | |
| Property rates | 84,16 | 171,37 | 143,33 | 156,66 | 156,66 | 156,66 | 6,0% | 166,06 | 176,02 | 186,58 |
| Electricity: Basic levy | | | 64,00 | 68,00 | 68,00 | 68,00 | 74,80 | 74,80 | 81,83 | 89,52 |
| Electricity: Consumption | 478,23 | 446,00 | 475,00 | 518,00 | 518,00 | 518,00 | 10,0% | 569,80 | 623,36 | 681,96 |
| Water: Basic levy | | | | - | - | - | | | | |
| Water: Consumption | 176,86 | 188,80 | 202,00 | 222,05 | 222,05 | 222,05 | 6,0% | 235,37 | 249,50 | 264,47 |
| Sanitation | 11,25 | 44,45 | 47,56 | 52,31 | 52,31 | 52,31 | 10,0% | | | |
| Refuse removal | 26,10 | 74,90 | 79,39 | 87,32 | 87,32 | 87,32 | 6,0% | 92,56 | 98,11 | 104,00 |
| Other | | 50,00 | 50,00 | 50,00 | 50,00 | 50,00 | | 50,00 | 50,00 | 50,00 |
| sub-total | 776,60 | 975,52 | 1 061,28 | 1 154,34 | 1 154,34 | 1 154,34 | 3,0% | 1 188,59 | 1 278,82 | 1 376,53 |
| VAT on Services | 86,08 | 96,94 | 128,51 | 139,67 | 139,67 | 139,67 | | 143,15 | 154,39 | 166,59 |
| Total small household bill: | 862,68 | 1 072,46 | 1 189,79 | 1 294,01 | 1 294,01 | 1 294,01 | 2,9% | 1 331,75 | 1 433,22 | 1 543,12 |
| % increase/decrease | | 24,3% | 10,9% | 8,8% | - | - | 2,9% | 7,6% | 7,7% | |
| Monthly Account for Household - 'Indigent' Household receiving free basic services | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | |
| Property rates | 21,24 | 85,68 | 71,66 | 78,33 | 78,33 | 78,33 | 6,0% | 83,03 | 88,01 | 93,29 |
| Electricity: Basic levy | | | 64,00 | 68,00 | 68,00 | 68,00 | 10,0% | 74,80 | 81,83 | 89,52 |
| Electricity: Consumption | 447,52 | 246,00 | 225,50 | 279,00 | 279,00 | 279,00 | 10,0% | 306,90 | 335,75 | 367,31 |
| Water: Basic levy | | | | - | - | - | | | | |
| Water: Consumption | 152,52 | 112,77 | 120,67 | 132,64 | 132,64 | 132,64 | 6,0% | 140,60 | 149,03 | 157,98 |
| Sanitation | | | | - | - | - | | | | |
| Refuse removal | | 27,98 | 29,66 | 32,62 | 32,62 | 32,62 | 6,0% | 34,58 | 36,65 | 38,85 |
| Other | | | | | | | | | | |
| sub-total | 621,28 | 472,43 | 511,49 | 590,59 | 590,59 | 590,59 | 8,4% | 639,91 | 691,28 | 746,95 |
| VAT on Services | 84,00 | 54,15 | 61,57 | 71,71 | 71,71 | 71,71 | | 77,96 | 84,46 | 91,51 |
| Total small household bill: | 705,28 | 526,58 | 573,06 | 662,30 | 662,30 | 662,30 | 8,4% | 717,87 | 775,73 | 838,46 |
| % increase/decrease | | (25,3%) | 8,8% | 15,6% | - | - | 8,4% | 8,1% | 8,1% | |

1.4 Operating Expenditure Framework

The Municipality's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

Table 11 Summary of operating expenditure by standard classification item

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---------------------------------|------------------|------------------|------------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Expenditure By Type | | | | | | | | | | |
| Employee related costs | 392 060 | 440 943 | 492 445 | 571 536 | 571 431 | 571 431 | 571 431 | 644 989 | 683 688 | 731 546 |
| Remuneration of councillors | 18 937 | 21 668 | 25 406 | 25 780 | 25 780 | 25 780 | 25 780 | 35 326 | 37 446 | 39 693 |
| Debt impairment | 53 486 | 197 819 | 130 414 | 50 000 | 50 000 | 50 000 | 50 000 | 50 000 | 65 000 | 67 000 |
| Depreciation & asset impairment | 265 100 | 449 617 | 542 900 | 205 000 | 205 000 | 205 000 | 205 000 | 185 000 | 209 000 | 211 000 |
| Finance charges | 29 594 | 37 154 | 38 371 | 37 000 | 37 000 | 37 000 | 37 000 | 38 000 | 88 000 | 88 000 |
| Bulk purchases | 581 301 | 619 153 | 674 895 | 767 000 | 755 500 | 755 500 | 755 500 | 839 635 | 919 148 | 1 006 192 |
| Other materials | 144 648 | 142 278 | 163 393 | 177 520 | 201 353 | 201 353 | 201 353 | 113 787 | 120 615 | 127 852 |
| Contracted services | 56 380 | 66 780 | 68 511 | 77 745 | 86 130 | 86 130 | 86 130 | 91 298 | 87 607 | 89 162 |
| Transfers and grants | 5 540 | 6 940 | 6 740 | 6 480 | 17 180 | 17 180 | 17 180 | 11 500 | 2 500 | 2 500 |
| Other expenditure | 369 073 | 251 345 | 465 610 | 370 499 | 372 597 | 372 597 | 372 597 | 339 352 | 341 629 | 360 129 |
| Loss on disposal of PPE | | | | | | | | | | |
| Total Expenditure | 1 916 119 | 2 233 697 | 2 608 685 | 2 288 560 | 2 321 970 | 2 321 970 | 2 321 970 | 2 348 887 | 2 554 633 | 2 723 074 |

The budgeted allocation for employee related costs for the 2015/16 financial year totals R563 million, which equals 25 percent of the total operating expenditure. Salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2015/16 financial year. An annual increase of 6.7 and 6.6 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2016/17 financial year this amount equates to R50 million. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R185 million for the 2016/17 financial and equates to 7.9 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

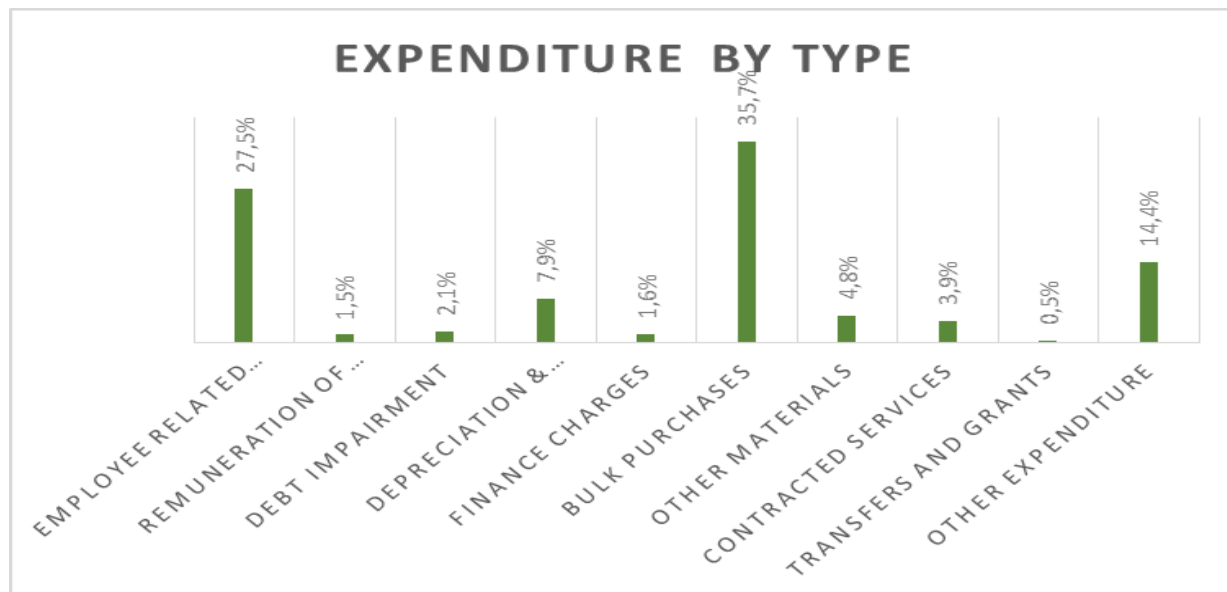
Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.6 percent (R38 million) of operating expenditure.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Lepelle Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. Bulk purchases make up 35.7 percent (R839 million) of operating expenditure. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the City's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the City's infrastructure. For 2015/16 the appropriation against this group of expenditure makes up 4.8 percent (R113 million) of operating expenditure.

Contracted services such as research and development have been identified as a cost saving area for the Municipality. As part of the compilation of the 2016/17 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2016/17 financial year, this group of expenditure totals R91.3 million.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Printing and stationary, subsistence and travelling, attending of conferences and workshops have significantly been reduced or limited to zero growth. Other expenditure makes up 14.4 percent (R339.3 million) of operating expenditure



1.4.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. As part of the asset renewal strategy R 100million has been redirected to asset renewal vote in the capital programme. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 12 Operational repairs and maintenance

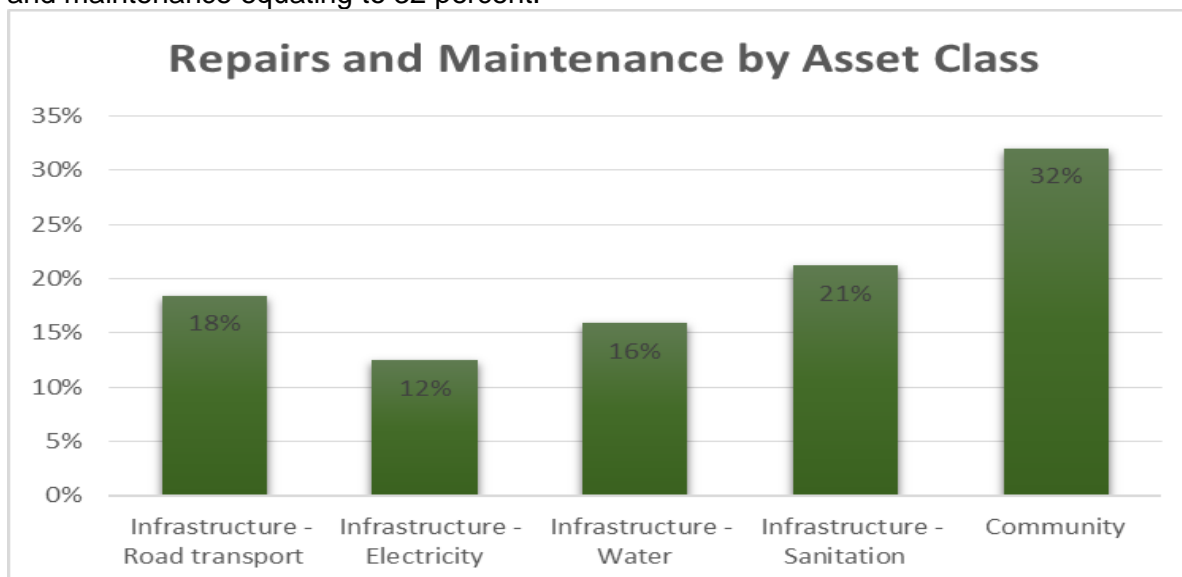
| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Repairs and Maintenance by Asset Class | 144 648 | 142 278 | 163 393 | 177 520 | 201 979 | 182 980 | 113 787 | 120 615 | 127 852 |
| Infrastructure - Road transport | 23 160 | 10 965 | 25 543 | 24 509 | 37 299 | 37 299 | 21 012 | 22 273 | 23 610 |
| Infrastructure - Electricity | 27 807 | 18 005 | 26 669 | 24 142 | 25 142 | 25 142 | 14 164 | 15 014 | 15 915 |
| Infrastructure - Water | 23 282 | 22 948 | 32 344 | 28 106 | 32 127 | 32 127 | 18 099 | 19 185 | 20 336 |
| Infrastructure - Sanitation | 6 810 | 4 996 | 7 527 | 39 383 | 42 828 | 42 828 | 24 128 | 25 575 | 27 110 |
| Infrastructure - Other | 10 332 | 11 987 | 23 400 | - | - | - | - | - | - |
| Infrastructure | 91 390 | 68 900 | 115 483 | 116 141 | 137 396 | 137 396 | 77 403 | 82 047 | 86 970 |
| Community | 53 257 | 73 378 | 47 910 | 61 380 | 64 583 | 45 584 | 36 384 | 38 568 | 40 882 |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Investment properties | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURE OTHER ITEMS | 409 748 | 591 895 | 706 293 | 382 520 | 406 979 | 387 980 | 298 787 | 329 615 | 338 852 |
| Renewal of Existing Assets as % of total capex | 20,2% | 24,0% | 5,9% | 26,5% | 21,7% | 21,7% | 21,1% | 25,6% | 27,6% |
| Renewal of Existing Assets as % of deprecn" | 25,8% | 25,0% | 6,6% | 75,1% | 66,3% | 66,3% | 105,4% | 105,8% | 112,6% |
| R&M as a % of PPE | 2,6% | 2,0% | 1,9% | 2,3% | 2,6% | 2,4% | 1,4% | 1,3% | 1,3% |
| Renewal and R&M as a % of PPE | 4,0% | 3,0% | 2,0% | 4,0% | 4,0% | 4,0% | 3,0% | 4,0% | 4,0% |

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 13 Repairs and maintenance per asset class

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Repairs and maintenance expenditure by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | 91 390 | 68 900 | 115 483 | 116 141 | 137 396 | 137 396 | 77 403 | 82 047 | 86 970 |
| Infrastructure - Road transport | 23 160 | 10 965 | 25 543 | 24 509 | 37 299 | 37 299 | 21 012 | 22 273 | 23 610 |
| <i>Roads, Pavements & Bridges</i> | 21 443 | 8 845 | 23 211 | 22 130 | 34 920 | 34 920 | 19 672 | 20 853 | 22 104 |
| <i>Storm water</i> | 1 717 | 2 120 | 2 332 | 2 379 | 2 379 | 2 379 | 1 340 | 1 421 | 1 506 |
| Infrastructure - Electricity | 27 807 | 18 005 | 26 669 | 24 142 | 25 142 | 25 142 | 14 164 | 15 014 | 15 915 |
| <i>Generation</i> | - | - | - | - | - | - | - | - | - |
| <i>Transmission & Reticulation</i> | 26 368 | 15 505 | 24 044 | 24 142 | 25 142 | 25 142 | 14 164 | 15 014 | 15 915 |
| <i>Street Lighting</i> | 1 439 | 2 500 | 2 625 | - | - | - | - | - | - |
| Infrastructure - Water | 23 282 | 22 948 | 32 344 | 28 106 | 32 127 | 32 127 | 18 099 | 19 185 | 20 336 |
| <i>Dams & Reservoirs</i> | 4 396 | 4 203 | 6 807 | - | - | - | - | - | - |
| <i>Water purification</i> | 2 601 | 3 000 | 3 533 | - | - | - | - | - | - |
| <i>Reticulation</i> | 16 285 | 15 746 | 22 004 | 28 106 | 32 127 | 32 127 | 18 099 | 19 185 | 20 336 |
| Infrastructure - Sanitation | 6 810 | 4 996 | 7 527 | 39 383 | 42 828 | 42 828 | 24 128 | 25 575 | 27 110 |
| <i>Reticulation</i> | 4 356 | 3 574 | 6 005 | 39 383 | 42 828 | 42 828 | 24 128 | 25 575 | 27 110 |
| <i>Sewerage purification</i> | 2 453 | 1 422 | 1 522 | - | - | - | - | - | - |
| Infrastructure - Other | 10 332 | 11 987 | 23 400 | - | - | - | - | - | - |
| <i>Waste Management</i> | 10 332 | 11 987 | 23 400 | - | - | - | - | - | - |
| <i>Transportation</i> | - | - | - | - | - | - | - | - | - |
| <i>Gas</i> | - | - | - | - | - | - | - | - | - |
| <i>Other</i> | - | - | - | - | - | - | - | - | - |
| Community | 53 257 | 73 378 | 47 910 | 61 380 | 64 583 | 45 584 | 36 384 | 38 568 | 40 882 |
| Parks & gardens | 10 985 | 9 281 | 12 249 | 11 557 | 11 557 | 11 557 | 6 511 | 6 901 | 7 315 |
| Sportsfields & stadia | 8 048 | 4 789 | 5 336 | 5 196 | 5 196 | 5 196 | 2 927 | 3 103 | 3 289 |
| Swimming pools | 198 | 222 | 230 | 243 | 243 | 243 | 137 | 145 | 154 |
| Community halls | 0 | 193 | 197 | 208 | 208 | 208 | 117 | 124 | 132 |
| Libraries | 79 | 156 | 149 | 158 | 158 | 158 | 89 | 94 | 100 |
| Recreational facilities | - | - | - | 450 | 450 | 450 | 254 | 269 | 285 |
| Fire, safety & emergency | 1 417 | 1 504 | 1 491 | 1 577 | 1 577 | 1 577 | 889 | 942 | 999 |
| Security and policing | 1 164 | 545 | 1 186 | 22 | 22 | 22 | 13 | 13 | 14 |
| Buses | - | - | - | - | - | - | - | - | - |
| Clinics | 1 | 7 | 6 | - | - | - | - | - | - |
| Museums & Art Galleries | 24 | 60 | 62 | 30 | 30 | 30 | 17 | 18 | 19 |
| Cemeteries | 953 | 1 290 | 1 355 | 1 428 | 1 428 | 1 428 | 805 | 853 | 904 |
| Social rental housing | - | - | - | - | - | - | - | - | - |
| Other | 30 388 | 55 330 | 25 650 | 40 509 | 43 713 | 24 714 | 24 627 | 26 105 | 27 672 |
| Total Repairs and Maintenance Expenditure | 144 648 | 142 278 | 163 393 | 177 520 | 201 979 | 182 980 | 113 787 | 120 615 | 127 852 |
| Specialised vehicles | - | - | - | - | - | - | - | - | - |
| Refuse | | | | | | | | | |
| Fire | | | | | | | | | |
| Conservancy | | | | | | | | | |
| Ambulances | | | | | | | | | |
| R&M as a % of PPE | 2,6% | 2,0% | 1,9% | 2,3% | 2,6% | 2,4% | 1,4% | 1,3% | 1,3% |
| R&M as % Operating Expenditure | 7,5% | 6,4% | 6,3% | 7,8% | 8,7% | 7,9% | 4,8% | 4,7% | 4,7% |

For the 2016/17 financial year, 62 per cent or R77 million of total repairs and maintenance will be spent on infrastructure assets. Community assets have been allocated R36 million of total repairs and maintenance equating to 32 percent.



1.5 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 14 2016/17 Medium-term capital budget per vote

| Vote Description | 2016/17 Medium Term Revenue & Expenditure Framework | | | | | |
|---|---|-------------|------------------------|-------------|------------------------|-------------|
| | Budget Year 2016/17 | | Budget Year +1 2017/18 | | Budget Year +2 2018/19 | |
| R thousand | | | | | | |
| Capital expenditure - Vote | | | | | | |
| Vote 1 - COUNCIL | 3 000 | 0,32% | 750 | 0,09% | 750 | 0,09% |
| Vote 2 - Office of the Municipal Manger | – | 0,00% | – | 0,00% | – | 0,00% |
| Vote 3 - Strategic Planning Monitoring and Evaluation | 6 850 | 0,74% | 3 000 | 0,35% | 2 000 | 0,23% |
| Vote 4 - Engineering Services | 587 764 | 63,50% | 571 551 | 66,13% | 563 806 | 65,41% |
| Vote 5 - Community Services | 39 266 | 4,24% | 33 846 | 3,92% | 27 260 | 3,16% |
| Vote 6 - Community Development | 93 675 | 10,12% | 67 850 | 7,85% | 68 035 | 7,89% |
| Vote 7 - Corporate and Shared Services | 9 600 | 1,04% | 4 950 | 0,57% | 2 950 | 0,34% |
| Vote 8 - Planning and Economic Development | 5 500 | 0,59% | 2 800 | 0,32% | 2 750 | 0,32% |
| Vote 9 - Budget and Treasury | 6 350 | 0,69% | 6 148 | 0,71% | 4 931 | 0,57% |
| Vote 10 - Transport Operations | 173 575 | 18,75% | 173 390 | 20,06% | 189 494 | 21,98% |
| Total Capital Expenditure - Vote | 925 580 | 100% | 864 285 | 100% | 861 976 | 100% |

For 2016/17 an amount of R925.5 million has been appropriated for the development of infrastructure. In the outer years this amount totals R864.2 million and R861.9 million respectively for each of the financial years.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 24 MBRR A9 (Asset Management).

1.6 Draft annual budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 15 MBRR Table A1 - Budget Summary

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousands | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| <u>Financial Performance</u> | | | | | | | | | | |
| Property rates | 254 721 | 285 392 | 256 187 | 332 477 | 314 000 | 314 000 | 314 000 | 332 000 | 351 920 | 373 035 |
| Service charges | 924 299 | 931 967 | 987 957 | 1 171 106 | 1 171 106 | 1 171 106 | 1 171 106 | 1 275 326 | 1 383 958 | 1 502 141 |
| Investment revenue | 23 017 | 30 547 | 35 721 | 31 000 | 37 000 | 37 000 | 37 000 | 25 100 | 27 300 | 28 600 |
| Transfers recognised - operational | 397 176 | 478 178 | 526 244 | 586 860 | 678 860 | 678 860 | 678 860 | 830 078 | 900 621 | 976 624 |
| Other own revenue | 69 747 | 138 940 | 119 713 | 191 020 | 277 649 | 277 649 | 277 649 | 112 340 | 133 925 | 136 030 |
| Total Revenue (excluding capital transfers and contributions) | 1 668 960 | 1 865 025 | 1 925 822 | 2 312 463 | 2 478 616 | 2 478 616 | 2 478 616 | 2 574 844 | 2 797 724 | 3 016 430 |
| Employee costs | 392 060 | 440 943 | 492 445 | 571 536 | 571 431 | 571 431 | 571 431 | 644 989 | 683 688 | 731 546 |
| Remuneration of councillors | 18 937 | 21 668 | 25 406 | 25 780 | 25 780 | 25 780 | 25 780 | 35 326 | 37 446 | 39 693 |
| Depreciation & asset impairment | 265 100 | 449 617 | 542 900 | 205 000 | 205 000 | 205 000 | 205 000 | 185 000 | 209 000 | 211 000 |
| Finance charges | 29 594 | 37 154 | 38 371 | 37 000 | 37 000 | 37 000 | 37 000 | 38 000 | 88 000 | 88 000 |
| Materials and bulk purchases | 725 949 | 761 431 | 838 288 | 944 520 | 956 853 | 956 853 | 956 853 | 953 422 | 1 039 763 | 1 134 044 |
| Transfers and grants | 5 540 | 6 940 | 6 740 | 6 480 | 17 180 | 17 180 | 17 180 | 11 500 | 2 500 | 2 500 |
| Other expenditure | 478 939 | 515 944 | 664 535 | 498 244 | 508 727 | 508 727 | 508 727 | 480 650 | 494 236 | 516 291 |
| Total Expenditure | 1 916 119 | 2 233 697 | 2 608 685 | 2 288 560 | 2 321 970 | 2 321 970 | 2 321 970 | 2 348 887 | 2 554 633 | 2 723 074 |
| Surplus/(Deficit) | (247 159) | (368 673) | (682 863) | 23 903 | 156 646 | 156 646 | 156 646 | 225 957 | 243 091 | 293 356 |
| Transfers recognised - capital | 291 175 | 393 793 | 579 344 | 558 288 | 470 854 | 470 854 | 470 854 | 464 689 | 492 285 | 536 976 |
| Contributions recognised - capital & contributed as | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 44 016 | 25 121 | (103 519) | 582 191 | 627 500 | 627 500 | 627 500 | 690 646 | 735 376 | 830 332 |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) for the year | 44 016 | 25 121 | (103 519) | 582 191 | 627 500 | 627 500 | 627 500 | 690 646 | 735 376 | 830 332 |
| | | | | | | | | | | |
| <u>Capital expenditure & funds sources</u> | | | | | | | | | | |
| Capital expenditure | 337 434 | 469 802 | 609 048 | 580 121 | 626 285 | 626 285 | 626 285 | 925 580 | 864 286 | 861 975 |
| Transfers recognised - capital | 225 076 | 353 771 | 555 235 | 447 545 | 464 921 | 464 921 | 464 921 | 464 689 | 492 285 | 536 976 |
| Public contributions & donations | - | - | - | - | - | - | - | - | - | - |
| Borrowing | - | - | - | - | - | - | - | 235 000 | 134 000 | 71 000 |
| Internally generated funds | 112 357 | 116 030 | 53 814 | 132 576 | 161 364 | 161 364 | 161 364 | 225 891 | 238 001 | 253 999 |
| Total sources of capital funds | 337 434 | 469 802 | 609 048 | 580 121 | 626 285 | 626 285 | 626 285 | 925 580 | 864 286 | 861 975 |
| | | | | | | | | | | |
| <u>Financial position</u> | | | | | | | | | | |
| Total current assets | 758 852 | 904 508 | 769 858 | 887 577 | 396 549 | 396 549 | 396 549 | 471 093 | 644 411 | 794 159 |
| Total non current assets | 6 017 353 | 7 946 098 | 9 287 462 | 8 290 495 | 8 336 660 | 8 336 660 | 8 336 660 | 9 122 862 | 9 809 306 | 10 488 355 |
| Total current liabilities | 585 694 | 726 202 | 688 271 | 857 080 | 654 389 | 654 389 | 654 389 | 599 713 | 718 055 | 822 484 |
| Total non current liabilities | 477 859 | 513 877 | 487 756 | 442 135 | 442 135 | 442 135 | 442 135 | 478 431 | 666 626 | 748 254 |
| Community wealth/Equity | 5 712 652 | 7 610 526 | 8 881 293 | 7 878 857 | 7 636 685 | 7 636 685 | 7 636 685 | 8 515 811 | 9 069 036 | 9 711 776 |

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousands | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Cash flows | | | | | | | | | | |
| Net cash from (used) operating | 376 128 | 581 264 | 455 248 | 692 942 | 477 270 | 477 270 | 477 270 | 809 029 | 999 205 | 1 098 323 |
| Net cash from (used) investing | (322 418) | (359 473) | (496 245) | (558 581) | (601 258) | (601 258) | (601 258) | (782 643) | (871 886) | (871 575) |
| Net cash from (used) financing | (12 921) | 38 706 | (56 636) | (56 100) | (56 100) | (56 100) | (56 100) | 162 000 | 46 000 | (77 000) |
| Cash/cash equivalents at the year end | 52 062 | 312 558 | 324 925 | 315 252 | 142 875 | 142 875 | 142 875 | 273 386 | 446 705 | 596 453 |
| Cash backing/surplus reconciliation | | | | | | | | | | |
| Cash and investments available | 331 061 | 481 558 | 381 964 | 474 000 | 224 000 | 224 000 | 224 000 | 332 387 | 505 706 | 655 454 |
| Application of cash and investments | 1 604 | 196 971 | 207 076 | 360 704 | 382 961 | 382 961 | 382 961 | 326 259 | 417 435 | 517 180 |
| Balance - surplus (shortfall) | 329 457 | 284 587 | 174 888 | 113 296 | (158 961) | (158 961) | (158 961) | 6 128 | 88 271 | 138 274 |
| Asset management | | | | | | | | | | |
| Asset register summary (WDV) | 5 931 182 | 7 867 057 | 9 223 497 | 8 214 013 | 8 260 178 | 8 260 178 | 9 058 898 | 9 058 898 | 9 745 341 | 10 424 390 |
| Depreciation & asset impairment | 265 100 | 449 617 | 542 900 | 205 000 | 205 000 | 205 000 | 185 000 | 185 000 | 209 000 | 211 000 |
| Renewal of Existing Assets | 68 304 | 112 571 | 35 713 | 153 993 | 135 874 | 135 874 | 135 874 | 195 025 | 221 148 | 237 667 |
| Repairs and Maintenance | 144 648 | 142 278 | 163 393 | 177 520 | 201 979 | 182 980 | 113 787 | 113 787 | 120 615 | 127 852 |
| Free services | | | | | | | | | | |
| Cost of Free Basic Services provided | - | - | - | - | - | - | - | - | - | - |
| Revenue cost of free services provided | 19 715 | 13 482 | 11 920 | 17 000 | 80 351 | 126 450 | 134 729 | 134 729 | 143 620 | 153 122 |
| Households below minimum service level | | | | | | | | | | |
| Water: | 15 | 42 | 14 | 13 | 13 | 13 | 13 | 13 | 12 | 12 |
| Sanitation/sewerage: | 141 | 209 | 278 | 276 | 276 | 276 | 276 | 276 | 276 | 275 |
| Energy: | 160 | 73 | 61 | 58 | 58 | 58 | 58 | 58 | 58 | 58 |
| Refuse: | 164 | 130 | 172 | 172 | 172 | 172 | 172 | 172 | 172 | 172 |

Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - Capital expenditure is balanced by capital funding sources, of which
 - Transfers recognised is reflected on the Financial Performance Budget;

- ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved during the 2014/15 financial year, when a surplus will be reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 16 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

| Standard Classification Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue - Standard | | | | | | | | | |
| Governance and administration | 983 173 | 1 262 795 | 1 457 719 | 1 587 118 | 1 665 835 | 1 665 835 | 1 637 607 | 1 784 563 | 1 925 109 |
| Executive and council | - | - | - | - | (0) | (0) | - | 0 | 0 |
| Budget and treasury office | 289 293 | 388 100 | 344 551 | 397 887 | 397 410 | 397 410 | 362 008 | 401 053 | 422 324 |
| Corporate services | 693 880 | 874 695 | 1 113 167 | 1 189 231 | 1 268 426 | 1 268 426 | 1 275 599 | 1 383 510 | 1 502 785 |
| Community and public safety | 15 171 | 19 224 | 16 615 | 37 582 | 37 582 | 37 582 | 74 149 | 70 440 | 72 150 |
| Community and social services | 1 736 | 1 640 | 2 041 | 2 552 | 2 552 | 2 552 | 2 332 | 2 452 | 2 585 |
| Sport and recreation | 10 110 | 4 009 | 4 295 | 15 692 | 15 692 | 15 692 | 8 879 | 9 345 | 9 837 |
| Public safety | 3 313 | 13 563 | 10 268 | 17 175 | 17 175 | 17 175 | 60 663 | 56 231 | 57 172 |
| Housing | 12 | 11 | 11 | 44 | 44 | 44 | 28 | 30 | 31 |
| Health | - | - | - | 2 120 | 2 120 | 2 120 | 2 247 | 2 382 | 2 525 |
| Economic and environmental services | 36 066 | 43 855 | 41 546 | 72 906 | 72 907 | 72 907 | 50 293 | 48 805 | 51 631 |
| Planning and development | 29 364 | 38 379 | 30 794 | 61 145 | 61 145 | 61 145 | 35 984 | 35 889 | 37 314 |
| Road transport | 3 816 | 3 687 | 8 841 | 9 506 | 9 507 | 9 507 | 12 037 | 10 522 | 11 893 |
| Environmental protection | 2 885 | 1 788 | 1 910 | 2 255 | 2 255 | 2 255 | 2 272 | 2 395 | 2 424 |
| Trading services | 925 725 | 932 944 | 989 287 | 1 173 145 | 1 173 145 | 1 173 145 | 1 277 485 | 1 386 200 | 1 504 516 |
| Electricity | 605 543 | 616 982 | 658 285 | 793 681 | 793 681 | 793 681 | 873 043 | 955 102 | 1 044 875 |
| Water | 221 060 | 211 680 | 223 249 | 259 055 | 259 055 | 259 055 | 274 595 | 291 027 | 308 487 |
| Waste water management | 46 449 | 48 588 | 49 065 | 55 326 | 55 326 | 55 326 | 60 858 | 66 944 | 73 639 |
| Waste management | 52 674 | 55 694 | 58 687 | 65 083 | 65 083 | 65 083 | 68 988 | 73 127 | 77 515 |
| Other | - | - | - | - | - | - | - | - | - |
| Total Revenue - Standard | 1 960 135 | 2 258 818 | 2 505 166 | 2 870 751 | 2 949 469 | 2 949 469 | 3 039 533 | 3 290 009 | 3 553 406 |
| Expenditure - Standard | | | | | | | | | |
| Governance and administration | 473 990 | 568 220 | 701 537 | 508 590 | 526 212 | 526 212 | 576 757 | 646 893 | 678 094 |
| Executive and council | 114 196 | 235 775 | 193 506 | 107 555 | 118 255 | 118 255 | 123 825 | 132 343 | 138 008 |
| Budget and treasury office | 150 128 | 107 445 | 116 279 | 135 458 | 136 886 | 136 886 | 152 328 | 199 313 | 206 027 |
| Corporate services | 209 665 | 225 000 | 391 751 | 265 577 | 271 071 | 271 071 | 300 604 | 315 237 | 334 059 |
| Community and public safety | 316 095 | 397 351 | 348 973 | 349 756 | 354 045 | 354 045 | 349 794 | 369 858 | 389 630 |
| Community and social services | 66 957 | 84 890 | 79 755 | 80 961 | 81 169 | 81 169 | 79 300 | 83 689 | 88 957 |
| Sport and recreation | 121 615 | 135 623 | 123 353 | 101 123 | 105 517 | 105 517 | 95 565 | 104 194 | 108 316 |
| Public safety | 116 962 | 164 956 | 134 147 | 154 094 | 153 834 | 153 834 | 160 985 | 167 342 | 176 757 |
| Housing | 5 231 | 6 503 | 7 581 | 9 261 | 9 232 | 9 232 | 9 468 | 9 931 | 10 585 |
| Health | 5 330 | 5 379 | 4 136 | 4 317 | 4 292 | 4 292 | 4 475 | 4 702 | 5 015 |
| Economic and environmental services | 165 669 | 242 697 | 359 899 | 191 358 | 203 972 | 203 972 | 187 130 | 202 009 | 210 989 |
| Planning and development | 67 136 | 52 518 | 60 198 | 90 994 | 91 183 | 91 183 | 89 013 | 96 550 | 100 558 |
| Road transport | 91 489 | 180 522 | 291 524 | 90 274 | 102 870 | 102 870 | 87 908 | 94 721 | 98 973 |
| Environmental protection | 7 044 | 9 656 | 8 177 | 10 090 | 9 919 | 9 919 | 10 209 | 10 739 | 11 458 |
| Trading services | 960 366 | 1 025 430 | 1 198 277 | 1 238 856 | 1 237 741 | 1 237 741 | 1 235 206 | 1 335 872 | 1 444 361 |
| Electricity | 560 506 | 622 840 | 682 887 | 792 180 | 789 940 | 789 940 | 793 953 | 864 160 | 939 872 |
| Water | 267 874 | 257 030 | 315 983 | 295 409 | 292 929 | 292 929 | 298 891 | 324 705 | 348 496 |
| Waste water management | 79 514 | 85 950 | 133 399 | 86 368 | 89 550 | 89 550 | 87 062 | 88 698 | 94 037 |
| Waste management | 52 472 | 59 609 | 66 007 | 64 900 | 65 322 | 65 322 | 55 301 | 58 308 | 61 956 |
| Other | - | - | - | - | - | - | - | - | - |
| Total Expenditure - Standard | 1 916 119 | 2 233 697 | 2 608 685 | 2 288 560 | 2 321 970 | 2 321 970 | 2 348 887 | 2 554 633 | 2 723 074 |
| Surplus/(Deficit) for the year | 44 016 | 25 121 | (103 519) | 582 191 | 627 500 | 627 500 | 690 646 | 735 376 | 830 332 |

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 9 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for the Electricity, Water and Sanitation functions, but not the Waste Management function.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Executive & Council.

Table 17 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | |
| Revenue by Vote | | | | | | | | | |
| Vote 1 - COUNCIL | - | 12 | - | - | - | - | - | - | - |
| Vote 2 - Office of the Municipal Manger | - | - | - | - | - | - | - | - | - |
| Vote 3 - Strategic Planning Monitoring and Evaluation | - | - | - | - | - | - | - | - | - |
| Vote 4 - Engineering Services | 873 099 | 877 330 | 930 756 | 1 108 274 | 1 108 274 | 1 108 274 | 1 253 721 | 1 353 311 | 1 467 254 |
| Vote 5 - Community Services | 82 009 | 96 289 | 96 057 | 113 590 | 113 591 | 113 591 | 120 899 | 125 102 | 132 629 |
| Vote 6 - Community Development | 11 038 | 4 879 | 5 512 | 17 188 | 17 188 | 17 188 | 10 108 | 10 630 | 11 186 |
| Vote 7 - Corporate and Shared Services | 3 279 | 811 | 318 | 4 479 | 4 479 | 4 479 | 4 748 | 5 033 | 5 335 |
| Vote 8 - Planning and Economic Development | 10 841 | 17 575 | 15 147 | 44 608 | 44 608 | 44 608 | 17 226 | 16 434 | 17 262 |
| Vote 9 - Budget and Treasury | 979 871 | 1 261 922 | 1 457 376 | 1 582 612 | 1 661 330 | 1 661 330 | 1 632 830 | 1 779 500 | 1 919 742 |
| Vote 10 - Transport Operations | - | - | - | - | - | - | - | - | - |
| Total Revenue by Vote | 1 960 135 | 2 258 818 | 2 505 166 | 2 870 751 | 2 949 470 | 2 949 470 | 3 039 533 | 3 290 009 | 3 553 406 |
| Expenditure by Vote to be appropriated | | | | | | | | | |
| Vote 1 - COUNCIL | 117 129 | 240 068 | 208 006 | 125 565 | 136 265 | 136 265 | 142 324 | 151 587 | 158 358 |
| Vote 2 - Office of the Municipal Manger | 20 395 | 24 850 | 19 493 | 24 190 | 27 697 | 27 697 | 28 223 | 30 101 | 31 171 |
| Vote 3 - Strategic Planning Monitoring and Evaluation | 12 296 | 12 007 | 19 665 | 23 467 | 23 641 | 23 641 | 23 845 | 25 584 | 27 097 |
| Vote 4 - Engineering Services | 997 303 | 1 136 889 | 1 358 336 | 1 242 835 | 1 252 525 | 1 252 525 | 1 236 352 | 1 338 905 | 1 445 868 |
| Vote 5 - Community Services | 229 237 | 289 722 | 268 177 | 287 774 | 288 220 | 288 220 | 285 304 | 298 644 | 316 594 |
| Vote 6 - Community Development | 169 366 | 231 350 | 191 654 | 178 040 | 182 812 | 182 812 | 165 834 | 178 198 | 186 920 |
| Vote 7 - Corporate and Shared Services | 137 574 | 151 547 | 181 924 | 151 665 | 154 646 | 154 646 | 188 829 | 197 593 | 209 783 |
| Vote 8 - Planning and Economic Development | 60 846 | 49 362 | 58 171 | 83 301 | 83 121 | 83 121 | 80 779 | 87 379 | 90 968 |
| Vote 9 - Budget and Treasury | 170 237 | 87 373 | 241 503 | 154 398 | 155 826 | 155 826 | 179 517 | 227 797 | 236 304 |
| Vote 10 - Transport Operations | 1 736 | 10 529 | 61 756 | 17 325 | 17 217 | 17 217 | 17 878 | 18 845 | 20 011 |
| Total Expenditure by Vote | 1 916 119 | 2 233 697 | 2 608 685 | 2 288 560 | 2 321 970 | 2 321 970 | 2 348 887 | 2 554 633 | 2 723 074 |
| Surplus/(Deficit) for the year | 44 016 | 25 121 | (103 519) | 582 191 | 627 500 | 627 500 | 690 646 | 735 376 | 830 332 |

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity trading service.

Table 18 Surplus/(Deficit) calculations for the electricity trading service

| Standard Classification Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & | | |
|---------------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| <u>Revenue - Standard</u> | | | | | | | | | |
| Electricity | 605 543 | 616 982 | 658 285 | 793 681 | 793 681 | 793 681 | 873 043 | 955 102 | 1 044 875 |
| | | | | | | | | | |
| <u>Expenditure - Standard</u> | | | | | | | | | |
| Electricity | 560 506 | 622 840 | 682 887 | 792 180 | 789 940 | 789 940 | 793 953 | 864 160 | 939 872 |
| Surplus/(Deficit) for the year | 45 037 | (5 858) | (24 602) | 1 502 | 3 741 | 3 741 | 79 090 | 90 941 | 105 004 |

Table 19 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue By Source | | | | | | | | | | |
| Property rates | 254 721 | 285 392 | 256 187 | 332 477 | 314 000 | 314 000 | 314 000 | 332 000 | 351 920 | 373 035 |
| Property rates - penalties & collection charges | | | | | | | | | | |
| Service charges - electricity revenue | 605 486 | 616 926 | 658 255 | 793 523 | 793 523 | 793 523 | 793 523 | 872 876 | 954 926 | 1 044 689 |
| Service charges - water revenue | 221 060 | 211 680 | 223 249 | 258 995 | 258 995 | 258 995 | 258 995 | 274 535 | 291 007 | 308 467 |
| Service charges - sanitation revenue | 46 449 | 48 588 | 49 065 | 55 326 | 55 326 | 55 326 | 55 326 | 60 858 | 66 944 | 73 639 |
| Service charges - refuse revenue | 51 305 | 54 773 | 57 388 | 63 262 | 63 262 | 63 262 | 63 262 | 67 058 | 71 081 | 75 346 |
| Service charges - other | - | - | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | 12 154 | 16 231 | 12 264 | 21 221 | 19 221 | 19 221 | 19 221 | 13 500 | 14 000 | 14 600 |
| Interest earned - external investments | 23 017 | 30 547 | 35 721 | 31 000 | 37 000 | 37 000 | 37 000 | 25 100 | 27 300 | 28 600 |
| Interest earned - outstanding debtors | 7 377 | 51 302 | 45 798 | 31 800 | 25 800 | 25 800 | 25 800 | 2 140 | 18 900 | 17 580 |
| Dividends received | - | - | - | - | - | - | - | - | - | - |
| Fines | 2 627 | 12 347 | 9 846 | 13 726 | 13 726 | 13 726 | 13 726 | 12 000 | 12 300 | 13 000 |
| Licences and permits | 8 816 | 8 909 | 9 196 | 9 569 | 9 570 | 9 570 | 9 570 | 12 500 | 11 000 | 12 400 |
| Agency services | 13 892 | 16 040 | 15 608 | 16 596 | 16 596 | 16 596 | 16 596 | 18 800 | 19 500 | 20 100 |
| Transfers recognised - operational | 397 176 | 478 178 | 526 244 | 586 860 | 678 860 | 678 860 | 678 860 | 830 078 | 900 621 | 976 624 |
| Other revenue | 23 430 | 33 806 | 26 830 | 67 909 | 162 537 | 162 537 | 162 537 | 51 300 | 57 600 | 57 800 |
| Gains on disposal of PPE | 1 451 | 305 | 172 | 30 200 | 30 200 | 30 200 | 30 200 | 2 100 | 625 | 550 |
| Total Revenue (excluding capital transfers and contributions) | 1 668 960 | 1 865 025 | 1 925 822 | 2 312 463 | 2 478 616 | 2 478 616 | 2 478 616 | 2 574 844 | 2 797 724 | 3 016 430 |
| Expenditure By Type | | | | | | | | | | |
| Employee related costs | 392 060 | 440 943 | 492 445 | 571 536 | 571 431 | 571 431 | 571 431 | 644 989 | 683 688 | 731 546 |
| Remuneration of councillors | 18 937 | 21 668 | 25 406 | 25 780 | 25 780 | 25 780 | 25 780 | 35 326 | 37 446 | 39 693 |
| Debt impairment | 53 486 | 197 819 | 130 414 | 50 000 | 50 000 | 50 000 | 50 000 | 50 000 | 65 000 | 67 000 |
| Depreciation & asset impairment | 265 100 | 449 617 | 542 900 | 205 000 | 205 000 | 205 000 | 205 000 | 185 000 | 209 000 | 211 000 |
| Finance charges | 29 594 | 37 154 | 38 371 | 37 000 | 37 000 | 37 000 | 37 000 | 38 000 | 88 000 | 88 000 |
| Bulk purchases | 581 301 | 619 153 | 674 895 | 767 000 | 755 500 | 755 500 | 755 500 | 839 635 | 919 148 | 1 006 192 |
| Other materials | 144 648 | 142 278 | 163 393 | 177 520 | 201 353 | 201 353 | 201 353 | 113 787 | 120 615 | 127 852 |
| Contracted services | 56 380 | 66 780 | 68 511 | 77 745 | 86 130 | 86 130 | 86 130 | 91 298 | 87 607 | 89 162 |
| Transfers and grants | 5 540 | 6 940 | 6 740 | 6 480 | 17 180 | 17 180 | 17 180 | 11 500 | 2 500 | 2 500 |
| Other expenditure | 369 073 | 251 345 | 465 610 | 370 499 | 372 597 | 372 597 | 372 597 | 339 352 | 341 629 | 360 129 |
| Loss on disposal of PPE | | | | | | | | | | |
| Total Expenditure | 1 916 119 | 2 233 697 | 2 608 685 | 2 288 560 | 2 321 970 | 2 321 970 | 2 321 970 | 2 348 887 | 2 554 633 | 2 723 074 |
| Surplus/(Deficit) | (247 159) | (368 673) | (682 863) | 23 903 | 156 646 | 156 646 | 156 646 | 225 957 | 243 091 | 293 356 |
| Transfers recognised - capital | 291 175 | 393 793 | 579 344 | 558 288 | 470 854 | 470 854 | 470 854 | 464 689 | 492 285 | 536 976 |
| Contributions recognised - capital | - | - | - | - | - | - | - | - | - | - |
| Contributed assets | | | | | | | | | | |
| Surplus/(Deficit) after capital transfers & contributions | 44 016 | 25 121 | (103 519) | 582 191 | 627 500 | 627 500 | 627 500 | 690 646 | 735 376 | 830 332 |
| Taxation | | | | | | | | | | |
| Surplus/(Deficit) after taxation | 44 016 | 25 121 | (103 519) | 582 191 | 627 500 | 627 500 | 627 500 | 690 646 | 735 376 | 830 332 |
| Attributable to minorities | | | | | | | | | | |
| Surplus/(Deficit) attributable to municipality | 44 016 | 25 121 | (103 519) | 582 191 | 627 500 | 627 500 | 627 500 | 690 646 | 735 376 | 830 332 |
| Share of surplus/ (deficit) of associate | | | | | | | | | | |
| Surplus/(Deficit) for the year | 44 016 | 25 121 | (103 519) | 582 191 | 627 500 | 627 500 | 627 500 | 690 646 | 735 376 | 830 332 |

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R2.574 billion in 2016/17 and escalates to R3.016 billion by 2018/19. This represents a year-on-year increase of 6 percent for the 2016/17 and 2018/19 financial year.
2. Revenue to be generated from property rates is R332 million in the 2016/17 financial year and increases to R373 million by 2018/19 which represents 13 percent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6 per cent for each of the outer financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R1.275 billion for the 2016/17 financial year and increasing to R1.502 billion by 2018/19. For the 2016/17 financial year services charges amount to 49 per cent of the total revenue base and remains constant per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are remaining constant over the MTREF by 32 per cent and 32 per cent for the two outer years.
5. Bulk purchases have significantly increased over the 2016/17 to 2018/19 period escalating from R839 million to R1 006 billion. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Lepelle Water.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 20 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

| Vote Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Single-year expenditure to be appropriated | | | | | | | | | | |
| Vote 1 - COUNCIL | - | - | - | 6 200 | 5 906 | 5 906 | 5 906 | 3 000 | 750 | 750 |
| Vote 2 - Office of the Municipal Manger | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - Strategic Planning Monitoring and Evaluation | - | - | - | - | - | - | - | 6 850 | 3 000 | 2 000 |
| Vote 4 - Engineering Services | 267 350 | 225 533 | 266 278 | 309 249 | 327 256 | 327 256 | 327 256 | 587 764 | 571 551 | 563 806 |
| Vote 5 - Community Services | 1 133 | 183 | 9 163 | 18 683 | 14 108 | 14 108 | 14 108 | 39 266 | 33 846 | 27 260 |
| Vote 6 - Community Development | 119 | 8 216 | 49 934 | 68 300 | 75 386 | 75 386 | 75 386 | 93 675 | 67 850 | 68 035 |
| Vote 7 - Corporate and Shared Services | 25 345 | 106 421 | 5 013 | 5 000 | 4 272 | 4 272 | 4 272 | 9 600 | 4 950 | 2 950 |
| Vote 8 - Planning and Economic Development | 4 123 | - | 109 | 3 000 | 3 000 | 3 000 | 3 000 | 5 500 | 2 800 | 2 750 |
| Vote 9 - Budget and Treasury | 44 | 51 | 896 | - | - | - | - | 6 350 | 6 148 | 4 931 |
| Vote 10 - Transport Operations | 39 320 | 129 397 | 277 656 | 169 689 | 196 357 | 196 357 | 196 357 | 173 575 | 173 390 | 189 494 |
| Capital single-year expenditure sub-total | 337 434 | 469 802 | 609 048 | 580 121 | 626 285 | 626 285 | 626 285 | 925 580 | 864 285 | 861 976 |
| Total Capital Expenditure - Vote | 337 434 | 469 802 | 609 048 | 580 121 | 626 285 | 626 285 | 626 285 | 925 580 | 864 285 | 861 976 |
| Capital Expenditure - Standard | | | | | | | | | | |
| Governance and administration | 64 709 | 106 503 | 20 662 | 30 700 | 30 679 | 30 679 | 30 679 | 51 425 | 49 599 | 41 550 |
| Executive and council | - | 31 | - | 1 200 | 906 | 906 | 906 | 6 350 | 6 149 | 4 930 |
| Budget and treasury office | 44 | 51 | 896 | 5 000 | 5 000 | 5 000 | 5 000 | 45 075 | 43 450 | 36 620 |
| Corporate services | 64 665 | 106 421 | 19 766 | 24 500 | 24 772 | 24 772 | 24 772 | - | - | - |
| Community and public safety | 1 252 | 8 400 | 39 768 | 59 183 | 62 299 | 62 299 | 62 299 | 100 066 | 51 446 | 48 925 |
| Community and social services | 1 133 | 183 | 4 860 | 6 100 | 5 600 | 5 600 | 5 600 | 35 450 | 13 750 | 9 600 |
| Sport and recreation | 119 | 8 216 | 34 687 | 46 500 | 53 086 | 53 086 | 53 086 | 58 900 | 28 150 | 32 765 |
| Public safety | - | - | 221 | 6 000 | 3 030 | 3 030 | 3 030 | 5 716 | 9 546 | 6 560 |
| Housing | - | - | - | - | - | - | - | - | - | - |
| Health | - | - | - | 583 | 583 | 583 | 583 | - | - | - |
| Economic and environmental services | 117 313 | 205 492 | 398 065 | 299 938 | 323 357 | 323 357 | 323 357 | 394 913 | 440 678 | 508 947 |
| Planning and development | - | - | 109 | 3 000 | 3 000 | 3 000 | 3 000 | 5 500 | 2 800 | 2 750 |
| Road transport | 117 313 | 205 274 | 397 956 | 296 938 | 320 357 | 320 357 | 320 357 | 389 413 | 437 878 | 506 197 |
| Environmental protection | - | 217 | - | - | - | - | - | - | - | - |
| Trading services | 154 160 | 149 407 | 150 553 | 190 300 | 209 950 | 209 950 | 209 950 | 379 176 | 322 563 | 262 553 |
| Electricity | 21 965 | 1 382 | 13 159 | 14 800 | 11 750 | 11 750 | 11 750 | 26 000 | 18 226 | 27 671 |
| Water | 128 422 | 147 021 | 130 295 | 171 000 | 195 056 | 195 056 | 195 056 | 343 926 | 288 837 | 219 432 |
| Waste water management | 3 773 | 166 | 2 524 | 500 | - | - | - | - | - | - |
| Waste management | - | 837 | 4 575 | 4 000 | 3 145 | 3 145 | 3 145 | 9 250 | 15 500 | 15 450 |
| Other | - | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure - Standard | 337 434 | 469 802 | 609 048 | 580 121 | 626 285 | 626 285 | 626 285 | 925 580 | 864 286 | 861 975 |
| Funded by: | | | | | | | | | | |
| National Government | 225 076 | 353 771 | 555 235 | 447 545 | 464 921 | 464 921 | 464 921 | 464 689 | 492 285 | 536 976 |
| Provincial Government | | | | | | | | | | |
| District Municipality | | | | | | | | | | |
| Other transfers and grants | | | | | | | | | | |
| Transfers recognised - capital | 225 076 | 353 771 | 555 235 | 447 545 | 464 921 | 464 921 | 464 921 | 464 689 | 492 285 | 536 976 |
| Public contributions & donations | | | | | | | | | | |
| Borrowing | - | - | - | - | - | - | - | 235 000 | 134 000 | 71 000 |
| Internally generated funds | 112 357 | 116 030 | 53 814 | 132 576 | 161 364 | 161 364 | 161 364 | 225 891 | 238 001 | 253 999 |
| Total Capital Funding | 337 434 | 469 802 | 609 048 | 580 121 | 626 285 | 626 285 | 626 285 | 925 580 | 864 286 | 861 975 |

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R925 million for the 2016/17 financial year and decreases in 2017/18 at the level of R864 million and R861 million in 2018/19.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital grants and contributions from the capital replacement reserve. For 2016/17, capital transfers totals R464.6 million and increases to R536.9million by 2018/19. Internally generated funding totaling R225.8million in 2016/17 and escalates to R253. 9 million in 2018/19. Borrowings funding totaling R235.million in 2016/17 and decreases to R71million in 2018/19. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 21 MBRR Table A6 - Budgeted Financial Position

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|------------------|------------------|-------------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| ASSETS | | | | | | | | | | |
| Current assets | | | | | | | | | | |
| Cash | 52 061 | 312 558 | 322 963 | 85 000 | 85 000 | 85 000 | 85 000 | 123 386 | 296 705 | 546 453 |
| Call investment deposits | 220 000 | 110 000 | - | 330 000 | 80 000 | 80 000 | 80 000 | 150 000 | 150 000 | 50 000 |
| Consumer debtors | 383 445 | 354 198 | 372 359 | 364 198 | 123 170 | 123 170 | 123 170 | 123 170 | 123 170 | 123 170 |
| Other debtors | 40 859 | 49 949 | 14 278 | 47 000 | 47 000 | 47 000 | 47 000 | 14 278 | 14 278 | 14 278 |
| Current portion of long-term receivables | 8 595 | 23 513 | 24 044 | 6 379 | 6 379 | 6 379 | 6 379 | 24 044 | 24 044 | 24 044 |
| Inventory | 53 891 | 54 289 | 36 214 | 55 000 | 55 000 | 55 000 | 55 000 | 36 215 | 36 214 | 36 214 |
| Total current assets | 758 852 | 904 508 | 769 858 | 887 577 | 396 549 | 396 549 | 396 549 | 471 093 | 644 411 | 794 159 |
| Non current assets | | | | | | | | | | |
| Long-term receivables | 7 809 | 8 152 | 376 | 5 593 | 5 593 | 5 593 | 5 593 | 376 | 376 | 376 |
| Investments | 59 000 | 59 000 | 59 001 | 59 000 | 59 000 | 59 000 | 59 000 | 59 001 | 59 001 | 59 001 |
| Investment property | 234 602 | 544 972 | 617 158 | 544 472 | 544 472 | 544 472 | 544 472 | 617 158 | 617 158 | 617 158 |
| Investment in Associate | 8 217 | 8 217 | | 8 217 | 8 217 | 8 217 | 8 217 | | | |
| Property, plant and equipment | 5 664 780 | 7 292 652 | 8 589 553 | 7 640 858 | 7 687 023 | 7 687 023 | 7 687 023 | 8 424 954 | 9 111 397 | 9 790 446 |
| Agricultural | | | | | | | | | | |
| Biological | 13 965 | 16 633 | 14 278 | 16 633 | 16 633 | 16 633 | 16 633 | 14 278 | 14 278 | 14 278 |
| Intangible | 17 834 | 12 799 | 2 508 | 12 049 | 12 049 | 12 049 | 12 049 | 2 508 | 2 508 | 2 508 |
| Other non-current assets | 11 145 | 3 672 | 4 588 | 3 672 | 3 672 | 3 672 | 3 672 | 4 588 | 4 588 | 4 588 |
| Total non current assets | 6 017 353 | 7 946 098 | 9 287 462 | 8 290 495 | 8 336 660 | 8 336 660 | 8 336 660 | 9 122 862 | 9 809 306 | 10 488 355 |
| TOTAL ASSETS | 6 776 206 | 8 850 606 | 10 057 320 | 9 178 072 | 8 733 209 | 8 733 209 | 8 733 209 | 9 593 955 | 10 453 717 | 11 282 514 |
| LIABILITIES | | | | | | | | | | |
| Current liabilities | | | | | | | | | | |
| Bank overdraft | | | | | | | | | | |
| Borrowing | 38 884 | 71 792 | 72 843 | 71 792 | 71 792 | 71 792 | 71 792 | 87 101 | 105 442 | 109 872 |
| Consumer deposits | 63 788 | 65 650 | 67 612 | 65 288 | 65 288 | 65 288 | 65 288 | 67 612 | 67 612 | 67 612 |
| Trade and other payables | 483 022 | 588 760 | 547 816 | 720 000 | 517 309 | 517 309 | 517 309 | 445 000 | 545 000 | 645 000 |
| Provisions | | | | | | | | | | |
| Total current liabilities | 585 694 | 726 202 | 688 271 | 857 080 | 654 389 | 654 389 | 654 389 | 599 713 | 718 055 | 822 484 |
| Non current liabilities | | | | | | | | | | |
| Borrowing | 283 472 | 309 088 | 243 043 | 237 296 | 237 296 | 237 296 | 237 296 | 236 820 | 368 876 | 395 503 |
| Provisions | 194 387 | 204 789 | 244 713 | 204 839 | 204 839 | 204 839 | 204 839 | 241 611 | 297 750 | 352 750 |
| Total non current liabilities | 477 859 | 513 877 | 487 756 | 442 135 | 442 135 | 442 135 | 442 135 | 478 431 | 666 626 | 748 254 |
| TOTAL LIABILITIES | 1 063 553 | 1 240 079 | 1 176 027 | 1 299 215 | 1 096 524 | 1 096 524 | 1 096 524 | 1 078 144 | 1 384 681 | 1 570 738 |
| NET ASSETS | 5 712 652 | 7 610 526 | 8 881 293 | 7 878 857 | 7 636 685 | 7 636 685 | 7 636 685 | 8 515 811 | 9 069 036 | 9 711 776 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | 4 931 059 | 5 681 343 | 5 487 161 | 6 149 724 | 5 917 945 | 5 917 945 | 5 917 945 | 5 121 679 | 5 674 904 | 6 317 645 |
| Reserves | 781 594 | 1 929 184 | 3 394 132 | 1 729 134 | 1 718 740 | 1 718 740 | 1 718 740 | 3 394 132 | 3 394 132 | 3 394 132 |
| TOTAL COMMUNITY WEALTH/EQUITY | 5 712 652 | 7 610 526 | 8 881 293 | 7 878 857 | 7 636 685 | 7 636 685 | 7 636 685 | 8 515 811 | 9 069 036 | 9 711 776 |

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 64 is supported by an extensive table of notes (Table SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 22 MBRR Table A7 - Budgeted Cash Flow Statement

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|------------------|------------------|------------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Property rates, penalties & collection charges | | | | 299 230 | 223 869 | 223 869 | 223 869 | 249 000 | 327 286 | 346 923 |
| Service charges | | | | 1 018 862 | 983 729 | 983 729 | 983 729 | 1 117 209 | 1 287 081 | 1 396 991 |
| Other revenue | 1 389 637 | 1 288 539 | 1 200 642 | 116 710 | 116 711 | 116 711 | 116 711 | 113 553 | 115 693 | 120 807 |
| Government - operating | 501 275 | 516 199 | 547 555 | 679 560 | 522 860 | 522 860 | 522 860 | 830 078 | 900 621 | 976 624 |
| Government - capital | 187 077 | 350 188 | 555 235 | 465 588 | 432 711 | 432 711 | 432 711 | 448 689 | 492 285 | 536 976 |
| Interest | 23 017 | 30 547 | 35 721 | 58 404 | 58 404 | 58 404 | 58 404 | 25 333 | 42 966 | 42 947 |
| Dividends | | | | | | | | - | - | - |
| Payments | | | | | | | | | | |
| Suppliers and employees | (1 695 283) | (1 560 296) | (1 838 794) | (1 901 932) | (1 806 835) | (1 806 835) | (1 806 835) | (1 927 232) | (2 080 626) | (2 236 845) |
| Finance charges | (29 594) | (37 154) | (38 371) | (37 000) | (37 000) | (37 000) | (37 000) | (36 100) | (83 600) | (83 600) |
| Transfers and Grants | | (6 760) | (6 740) | (6 480) | (17 180) | (17 180) | (17 180) | (11 500) | (2 500) | (2 500) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 376 128 | 581 264 | 455 248 | 692 942 | 477 270 | 477 270 | 477 270 | 809 029 | 999 205 | 1 098 323 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Proceeds on disposal of PPE | 11 442 | (76) | | 21 140 | 21 140 | 21 140 | 21 140 | 2 000 | 2 000 | 2 000 |
| Decrease (increase) in non-current debtors | (235) | 405 | | 400 | 400 | 400 | 400 | 400 | 400 | 400 |
| Decrease (increase) other non-current receivables | | | | | | | | - | - | - |
| Decrease (increase) in non-current investments | 3 808 | 110 000 | 9 957 | | | | | - | - | - |
| Payments | | | | | | | | | | |
| Capital assets | (337 434) | (469 802) | (506 202) | (580 121) | (622 798) | (622 798) | (622 798) | (785 043) | (874 286) | (873 975) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (322 418) | (359 473) | (496 245) | (558 581) | (601 258) | (601 258) | (601 258) | (782 643) | (871 886) | (871 575) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Short term loans | | | | | | | | - | - | - |
| Borrowing long term/refinancing | 21 171 | 73 237 | | | | | | 235 000 | 134 000 | 71 000 |
| Increase (decrease) in consumer deposits | 1 716 | 1 862 | 1 962 | 2 000 | 2 000 | 2 000 | 2 000 | 2 000 | 2 000 | 2 000 |
| Payments | | | | | | | | | | |
| Repayment of borrowing | (35 808) | (36 394) | (58 598) | (58 100) | (58 100) | (58 100) | (58 100) | (75 000) | (90 000) | (150 000) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (12 921) | 38 706 | (56 636) | (56 100) | (56 100) | (56 100) | (56 100) | 162 000 | 46 000 | (77 000) |
| NET INCREASE/ (DECREASE) IN CASH HELD | 40 788 | 260 497 | (97 633) | 78 261 | (180 088) | (180 088) | (180 088) | 188 386 | 173 319 | 149 748 |
| Cash/cash equivalents at the year begin: | 11 274 | 52 062 | 422 558 | 236 990 | 322 963 | 322 963 | 322 963 | 85 000 | 273 386 | 446 705 |
| Cash/cash equivalents at the year end: | 52 062 | 312 558 | 324 925 | 315 252 | 142 875 | 142 875 | 142 875 | 273 386 | 446 705 | 596 453 |

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

3. As part of the 2015/16 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
4. The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R273 million positive as at the end of the 2016/17 financial year and increases to R596 million by 2018/19.

Table 23 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Cash and investments available | | | | | | | | | | |
| Cash/cash equivalents at the year end | 52 062 | 312 558 | 324 925 | 315 252 | 142 875 | 142 875 | 142 875 | 273 386 | 446 705 | 596 453 |
| Other current investments > 90 days | 220 000 | 110 000 | (1 962) | 99 748 | 22 125 | 22 125 | 22 125 | - | - | - |
| Non current assets - Investments | 59 000 | 59 000 | 59 001 | 59 000 | 59 000 | 59 000 | 59 000 | 59 001 | 59 001 | 59 001 |
| Cash and investments available: | 331 061 | 481 558 | 381 964 | 474 000 | 224 000 | 224 000 | 224 000 | 332 387 | 505 706 | 655 454 |
| Application of cash and investments | | | | | | | | | | |
| Unspent conditional transfers | 194 553 | 274 579 | 195 135 | 330 000 | 17 500 | 17 500 | 17 500 | 45 000 | 45 000 | 45 000 |
| Unspent borrowing | - | - | - | - | - | - | - | - | - | - |
| Statutory requirements | | | | | | | | | | |
| Other working capital requirements | (192 949) | (77 608) | 11 941 | 30 704 | 365 461 | 365 461 | 365 461 | 281 259 | 372 435 | 472 180 |
| Other provisions | | | | | | | | | | |
| Long term investments committed | - | - | - | - | - | - | - | - | - | - |
| Reserves to be backed by cash/investments | | | | | | | | | | |
| Total Application of cash and investments: | 1 604 | 196 971 | 207 076 | 360 704 | 382 961 | 382 961 | 382 961 | 326 259 | 417 435 | 517 180 |
| Surplus(shortfall) | 329 457 | 284 587 | 174 888 | 113 296 | (158 961) | (158 961) | (158 961) | 6 128 | 88 271 | 138 274 |

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the draft annual budget is not appropriately funded.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
6. As can be seen the budget has been modelled to progressively move from a deficit of R158million in 2015/16 to a surplus of R138.2million by 2018/19.

Table 24 MBRR Table A9 - Asset Management

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| CAPITAL EXPENDITURE | | | | | | | | | |
| Total New Assets | 269 130 | 357 232 | 573 336 | 426 128 | 490 411 | 490 411 | 730 555 | 643 137 | 624 309 |
| Infrastructure - Road transport | 69 147 | 8 250 | 98 700 | 24 206 | 37 273 | 37 273 | 80 538 | 105 238 | 124 203 |
| Infrastructure - Electricity | 1 793 | 51 500 | 20 023 | 169 300 | 164 793 | 164 793 | 24 000 | 13 726 | 21 500 |
| Infrastructure - Water | 107 771 | 130 000 | 168 178 | - | - | - | 343 326 | 282 337 | 217 932 |
| Infrastructure - Sanitation | 1 378 | 1 500 | 667 | - | 672 | 672 | - | - | - |
| Infrastructure - Other | 39 320 | 120 438 | 178 229 | - | - | - | 182 825 | 188 890 | 204 944 |
| Infrastructure | 219 409 | 311 688 | 465 798 | 193 506 | 202 738 | 202 738 | 630 689 | 590 191 | 568 579 |
| Community | 445 | 18 500 | 36 305 | 42 100 | 50 386 | 50 386 | 82 566 | 38 296 | 42 910 |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Investment properties | - | - | - | - | - | - | - | - | - |
| Other assets | 49 275 | 27 044 | 71 233 | 190 522 | 237 286 | 237 286 | 17 300 | 14 650 | 12 820 |
| Agricultural Assets | - | - | - | - | - | - | - | - | - |
| Biological assets | - | - | - | - | - | - | - | - | - |
| Intangibles | - | - | - | - | - | - | - | - | - |
| Total Renewal of Existing Assets | 68 304 | 112 571 | 35 713 | 153 993 | 135 874 | 135 874 | 195 025 | 221 148 | 237 667 |
| Infrastructure - Road transport | 48 166 | 54 000 | 5 500 | 97 493 | 79 824 | 79 824 | 135 300 | 159 250 | 192 500 |
| Infrastructure - Electricity | - | - | 1 000 | 16 500 | 20 500 | 20 500 | 2 000 | 4 500 | 6 171 |
| Infrastructure - Water | - | 16 849 | 18 731 | - | - | - | 600 | 6 500 | 1 500 |
| Infrastructure - Sanitation | 1 568 | 40 000 | 4 412 | 1 000 | 400 | 400 | - | - | - |
| Infrastructure - Other | 1 721 | 1 721 | (21 636) | - | - | - | - | - | - |
| Infrastructure | 51 455 | 112 571 | 8 007 | 114 993 | 100 724 | 100 724 | 137 900 | 170 250 | 200 171 |
| Community | - | - | - | 11 200 | 8 000 | 8 000 | 21 900 | 15 950 | 8 765 |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Investment properties | - | - | - | - | - | - | - | - | - |
| Other assets | 16 849 | - | 27 706 | 27 800 | 27 150 | 27 150 | 35 225 | 34 948 | 28 731 |
| Agricultural Assets | - | - | - | - | - | - | - | - | - |
| Biological assets | - | - | - | - | - | - | - | - | - |
| Intangibles | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure | | | | | | | | | |
| Infrastructure - Road transport | 117 313 | 62 250 | 104 200 | 121 699 | 117 097 | 117 097 | 215 838 | 264 488 | 316 703 |
| Infrastructure - Electricity | 1 793 | 51 500 | 21 023 | 185 800 | 185 293 | 185 293 | 26 000 | 18 226 | 27 671 |
| Infrastructure - Water | 107 771 | 146 849 | 186 909 | - | - | - | 343 926 | 288 837 | 219 432 |
| Infrastructure - Sanitation | 2 946 | 41 500 | 5 080 | 1 000 | 1 072 | 1 072 | - | - | - |
| Infrastructure - Other | 41 042 | 122 159 | 156 593 | - | - | - | 182 825 | 188 890 | 204 944 |
| Infrastructure | 270 864 | 424 259 | 473 805 | 308 499 | 303 463 | 303 463 | 768 589 | 760 441 | 768 750 |
| Community | 445 | 18 500 | 36 305 | 53 300 | 58 386 | 58 386 | 104 466 | 54 246 | 51 675 |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Investment properties | - | - | - | - | - | - | - | - | - |
| Other assets | 66 125 | 27 044 | 98 939 | 218 322 | 264 436 | 264 436 | 52 525 | 49 598 | 41 551 |
| Agricultural Assets | - | - | - | - | - | - | - | - | - |
| Biological assets | - | - | - | - | - | - | - | - | - |
| Intangibles | - | - | - | - | - | - | - | - | - |
| TOTAL CAPITAL EXPENDITURE - Asset class | 337 434 | 469 802 | 609 048 | 580 121 | 626 285 | 626 285 | 925 580 | 864 285 | 861 976 |
| ASSET REGISTER SUMMARY - PPE (WDV) | | | | | | | | | |
| Infrastructure - Road transport | 1 407 803 | 1 470 053 | 1 675 189 | 1 675 803 | 1 690 433 | 1 690 433 | 1 798 233 | 1 945 211 | 1 945 211 |
| Infrastructure - Electricity | 710 674 | 762 174 | 726 968 | 797 997 | 794 947 | 794 947 | 885 797 | 981 497 | 981 497 |
| Infrastructure - Water | 687 148 | 833 997 | 1 113 511 | 1 173 906 | 1 209 710 | 1 209 710 | 1 322 770 | 1 487 452 | 1 487 452 |
| Infrastructure - Sanitation | 236 817 | 278 317 | 240 775 | 283 896 | 282 541 | 282 541 | 286 896 | 289 646 | 289 646 |
| Infrastructure - Other | 2 622 338 | 3 948 111 | 4 833 110 | 3 655 956 | 3 651 006 | 3 651 006 | 3 974 584 | 4 191 377 | 4 870 426 |
| Infrastructure | 5 664 780 | 7 292 652 | 8 589 553 | 7 587 558 | 7 628 636 | 7 628 636 | 8 268 281 | 8 895 184 | 9 574 233 |
| Community | - | - | - | 53 300 | 58 386 | 58 386 | 156 673 | 216 213 | 216 213 |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Investment properties | 234 602 | 544 972 | 617 158 | 544 472 | 544 472 | 544 472 | 617 158 | 617 158 | 617 158 |
| Other assets | | | | | | | | | |
| Agricultural Assets | | | | | | | | | |
| Biological assets | 13 965 | 16 633 | 14 278 | 16 633 | 16 633 | 16 633 | 14 278 | 14 278 | 14 278 |
| Intangibles | 17 834 | 12 799 | 2 508 | 12 049 | 12 049 | 12 049 | 2 508 | 2 508 | 2 508 |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV) | 5 931 182 | 7 867 057 | 9 223 497 | 8 214 013 | 8 260 178 | 8 260 178 | 9 058 898 | 9 745 341 | 10 424 390 |

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| EXPENDITURE OTHER ITEMS | | | | | | | | | |
| Depreciation & asset impairment | 265 100 | 449 617 | 542 900 | 205 000 | 205 000 | 205 000 | 185 000 | 209 000 | 211 000 |
| Repairs and Maintenance by Asset Class | 144 648 | 142 278 | 163 393 | 177 520 | 201 979 | 182 980 | 113 787 | 120 615 | 127 852 |
| Infrastructure - Road transport | 23 160 | 10 965 | 25 543 | 24 509 | 37 299 | 37 299 | 21 012 | 22 273 | 23 610 |
| Infrastructure - Electricity | 27 807 | 18 005 | 26 669 | 24 142 | 25 142 | 25 142 | 14 164 | 15 014 | 15 915 |
| Infrastructure - Water | 23 282 | 22 948 | 32 344 | 28 106 | 32 127 | 32 127 | 18 099 | 19 185 | 20 336 |
| Infrastructure - Sanitation | 6 810 | 4 996 | 7 527 | 39 383 | 42 828 | 42 828 | 24 128 | 25 575 | 27 110 |
| Infrastructure - Other | 10 332 | 11 987 | 23 400 | - | - | - | - | - | - |
| Infrastructure | 91 390 | 68 900 | 115 483 | 116 141 | 137 396 | 137 396 | 77 403 | 82 047 | 86 970 |
| Community | 53 257 | 73 378 | 47 910 | 61 380 | 64 583 | 45 584 | 36 384 | 38 568 | 40 882 |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Investment properties | - | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURE OTHER ITEMS | 409 748 | 591 895 | 706 293 | 382 520 | 406 979 | 387 980 | 298 787 | 329 615 | 338 852 |
| Renewal of Existing Assets as % of total capex | 20,2% | 24,0% | 5,9% | 26,5% | 21,7% | 21,7% | 21,1% | 25,6% | 27,6% |
| Renewal of Existing Assets as % of deprecn" | 25,8% | 25,0% | 6,6% | 75,1% | 66,3% | 66,3% | 105,4% | 105,8% | 112,6% |
| R&M as a % of PPE | 2,6% | 2,0% | 1,9% | 2,3% | 2,6% | 2,4% | 1,4% | 1,3% | 1,3% |
| Renewal and R&M as a % of PPE | 4,0% | 3,0% | 2,0% | 4,0% | 4,0% | 4,0% | 3,0% | 4,0% | 4,0% |

Table 25 MBRR Table A10 - Basic Service Delivery Measurement

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|----------------|----------------|----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Household service targets | | | | | | | | | |
| Water: | | | | | | | | | |
| Piped water inside dwelling | 81 346 | 82 968 | 87 118 | 87 600 | 87 600 | 87 600 | 87 600 | 87 700 | 88 000 |
| Piped water inside yard (but not in dwelling) | 63 094 | 71 846 | 81 924 | 86 600 | 86 600 | 86 600 | 86 600 | 86 800 | 87 000 |
| Using public tap (at least min.service level) | 100 900 | 116 562 | 104 742 | 102 000 | 102 000 | 102 000 | 102 000 | 99 600 | 99 400 |
| Other water supply (at least min.service level) | – | – | 68 324 | 67 202 | 67 202 | 67 202 | 67 202 | 69 502 | 69 402 |
| <i>Minimum Service Level and Above sub-total</i> | 245 340 | 271 376 | 342 108 | 343 402 | 343 402 | 343 402 | 343 402 | 343 602 | 343 802 |
| Using public tap (< min.service level) | – | – | – | – | – | – | – | – | – |
| Other water supply (< min.service level) | 15 382 | 41 756 | 13 894 | 12 600 | 12 600 | 12 600 | 12 600 | 12 400 | 12 200 |
| No water supply | – | – | – | – | – | – | – | – | – |
| <i>Below Minimum Service Level sub-total</i> | 15 382 | 41 756 | 13 894 | 12 600 | 12 600 | 12 600 | 12 600 | 12 400 | 12 200 |
| Total number of households | 260 722 | 313 132 | 356 002 | 356 002 | 356 002 | 356 002 | 356 002 | 356 002 | 356 002 |
| Sanitation/sewerage: | | | | | | | | | |
| Flush toilet (connected to sewerage) | 63 092 | 75 162 | 77 312 | 81 000 | 81 000 | 81 000 | 81 000 | 81 200 | 81 400 |
| Flush toilet (with septic tank) | 1 400 | 7 806 | 8 064 | 8 200 | 8 200 | 8 200 | 8 200 | 8 400 | 8 600 |
| Chemical toilet | 29 632 | 2 962 | 2 986 | 3 040 | 3 040 | 3 040 | 3 040 | 3 040 | 3 040 |
| Pit toilet (ventilated) | 144 960 | 122 806 | 67 376 | 68 000 | 68 000 | 68 000 | 68 000 | 68 200 | 68 200 |
| Other toilet provisions (> min.service level) | – | – | – | – | – | – | – | – | – |
| <i>Minimum Service Level and Above sub-total</i> | 239 084 | 208 736 | 155 738 | 160 240 | 160 240 | 160 240 | 160 240 | 160 840 | 161 240 |
| Bucket toilet | 119 542 | 104 368 | 77 869 | 80 120 | 80 120 | 80 120 | 80 120 | 80 420 | 80 620 |
| Other toilet provisions (< min.service level) | 10 819 | 52 198 | 100 132 | 98 000 | 98 000 | 98 000 | 98 000 | 97 581 | 97 381 |
| No toilet provisions | 10 819 | 52 198 | 100 132 | 98 000 | 98 000 | 98 000 | 98 000 | 97 581 | 97 381 |
| <i>Below Minimum Service Level sub-total</i> | 141 180 | 208 764 | 278 133 | 276 120 | 276 120 | 276 120 | 276 120 | 275 582 | 275 382 |
| Total number of households | 380 264 | 417 500 | 433 871 | 436 360 | 436 360 | 436 360 | 436 360 | 436 422 | 436 622 |
| Energy: | | | | | | | | | |
| Electricity (at least min.service level) | 48 600 | 106 280 | 160 188 | 159 604 | 159 604 | 159 604 | 159 604 | 159 604 | 159 604 |
| Electricity - prepaid (min.service level) | 52 600 | 133 892 | 135 232 | 138 000 | 138 000 | 138 000 | 138 000 | 138 200 | 138 400 |
| <i>Minimum Service Level and Above sub-total</i> | 101 200 | 240 172 | 295 420 | 297 604 | 297 604 | 297 604 | 297 604 | 297 804 | 298 004 |
| Electricity (< min.service level) | 36 324 | 42 000 | 29 560 | 26 432 | 26 432 | 26 432 | 26 432 | 26 232 | 26 032 |
| Electricity - prepaid (< min. service level) | 68 446 | 25 850 | 27 850 | 29 028 | 29 028 | 29 028 | 29 028 | 29 028 | 29 028 |
| Other energy sources | 54 752 | 5 110 | 3 172 | 2 938 | 2 938 | 2 938 | 2 938 | 2 938 | 2 938 |
| <i>Below Minimum Service Level sub-total</i> | 159 522 | 72 960 | 60 582 | 58 398 | 58 398 | 58 398 | 58 398 | 58 198 | 57 998 |
| Total number of households | 260 722 | 313 132 | 356 002 | 356 002 | 356 002 | 356 002 | 356 002 | 356 002 | 356 002 |
| Refuse: | | | | | | | | | |
| Removed at least once a week | 96 728 | 182 676 | 184 000 | 184 000 | 184 000 | 184 000 | 184 000 | 184 000 | 184 000 |
| <i>Minimum Service Level and Above sub-total</i> | 96 728 | 182 676 | 184 000 | 184 000 | 184 000 | 184 000 | 184 000 | 184 000 | 184 000 |
| Removed less frequently than once a week | – | 194 | 194 | 194 | 194 | 194 | 194 | 194 | 194 |
| Using communal refuse dump | – | 9 132 | 9 132 | 9 132 | 9 132 | 9 132 | 9 132 | 9 132 | 9 132 |
| Using own refuse dump | 163 994 | 121 130 | 162 676 | 162 676 | 162 676 | 162 676 | 162 676 | 162 676 | 162 676 |
| Other rubbish disposal | – | – | – | – | – | – | – | – | – |
| No rubbish disposal | – | – | – | – | – | – | – | – | – |
| <i>Below Minimum Service Level sub-total</i> | 163 994 | 130 456 | 172 002 | 172 002 | 172 002 | 172 002 | 172 002 | 172 002 | 172 002 |
| Total number of households | 260 722 | 313 132 | 356 002 | 356 002 | 356 002 | 356 002 | 356 002 | 356 002 | 356 002 |
| Highest level of free service provided per household | | | | | | | | | |
| Property rates (R value threshold) | 50 000 | 50 000 | 100 000 | 100 000 | 100 000 | 100 000 | 100 000 | 100 000 | 100 000 |
| Water (kilolitres per household per month) | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Sanitation (kilolitres per household per month) | – | – | – | – | – | – | – | – | – |
| Sanitation (Rand per household per month) | 33 | 36 | 38 | 48 | 48 | 48 | 48 | 51 | 54 |
| Electricity (kwh per household per month) | 50 | 50 | 50 | 100 | 100 | 100 | 100 | 100 | 100 |
| Refuse (average litres per week) | 27 | 30 | 32 | 34 | 34 | 34 | 34 | 36 | 38 |
| Revenue cost of subsidised services provided (R'000) | | | | | | | | | |
| Property rates (tariff adjustment) (impermissible values per section 17 of MPRA) | 9 415 | – | – | 2 000 | 2 000 | 48 099 | 50 880 | 53 933 | 57 169 |
| Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA | – | – | – | – | 48 000 | 48 000 | 50 880 | 53 933 | 57 169 |
| Water (in excess of 6 kilolitres per indigent household per month) | 3 224 | 4 353 | 3 585 | 4 500 | 7 143 | 7 143 | 7 572 | 8 026 | 8 507 |
| Sanitation (in excess of free sanitation service to indigent households) | – | – | – | – | 9 417 | 9 417 | 10 359 | 11 395 | 12 534 |
| Electricity/other energy (in excess of 50 kwh per indigent household per month) | 7 076 | 9 129 | 8 335 | 10 500 | 10 500 | 10 500 | 11 550 | 12 636 | 13 823 |
| Refuse (in excess of one removal a week for indigent households) | – | – | – | – | 3 291 | 3 291 | 3 488 | 3 698 | 3 920 |
| Municipal Housing - rental rebates | – | – | – | – | – | – | – | – | – |
| Housing - top structure subsidies | – | – | – | – | – | – | – | – | – |
| Other | – | – | – | – | – | – | – | – | – |
| Total revenue cost of subsidised services provided | 19 715 | 13 482 | 11 920 | 17 000 | 80 351 | 126 450 | 134 729 | 143 620 | 153 122 |

Part 2 – Supporting Documentation

2.1 Overview of the draft annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The IDP/Budget/PMS Steering Committee consists of the all Members of Mayoral Committee; Municipal Manager, all Directors and selected Managers with the Executive Mayor chairing the Meeting.

The role of IDP/Budget/PMS Steering Committee is to:

- Provide political oversight in the development of IDP/Budget/PMS.
- Supervise the implementation of the IDP/Budget/PMS.
- Lead the IDP /Budget Public Participation process.
- Responsible for the submission of the IDP/Budget/PMS to Mayoral Committee for recommendation to council

IDP and Service Delivery and Budget Implementation Plan

Integrated development planning is a **process** through which municipalities prepare a strategic development plan which extends over a five-year period. The Integrated Development Plan (IDP) is a **product** of the IDP process. The IDP is the principal strategic planning instrument which guides and informs all planning, budgeting, management and decision-making processes in a municipality. Through Integrated development planning, which necessitates the involvement of all relevant stakeholders, a municipality can:

- Identify its key development priorities;
- Formulate a clear vision, mission and values;
- Formulate appropriate strategies;
- Develop the appropriate organisational structure and systems to realise the vision and mission; and
- Align resources with the development priorities.

The SDBIP therefore serves as a “contract” between the administration, council and community expressing the goals and objectives set by the council as quantifiable outcomes that can be implemented by the administration over the next twelve months. This provides the basis for measuring performance in service delivery against end of-year targets and implementing the budget.

The SDBIP provides the vital link between the mayor, council (executive) and the administration, and facilitates the process for holding management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that will assist the mayor, councillors,

municipal manager, senior managers and community. A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic objectives set by council. It enables the municipal manager to monitor the performance of senior managers, the mayor to monitor the performance of the municipal manager, and for the community to monitor the performance of the municipality.

The SDBIP should therefore determine (and be consistent with) the performance agreements between the mayor and the municipal manager and the municipal manager and senior managers determined at the start of every financial year and approved by the mayor.

2.2 Overview of alignment of draft annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- NSDP
- Green Paper on National Strategic Planning of 2009;

- MTSF
- Government Programme of Action;
- New Growth Path
- Development Facilitation Act of 1995;
- Limpopo Employment , Growth and Development Plan
- Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

VISION 2030 - SMART CITY

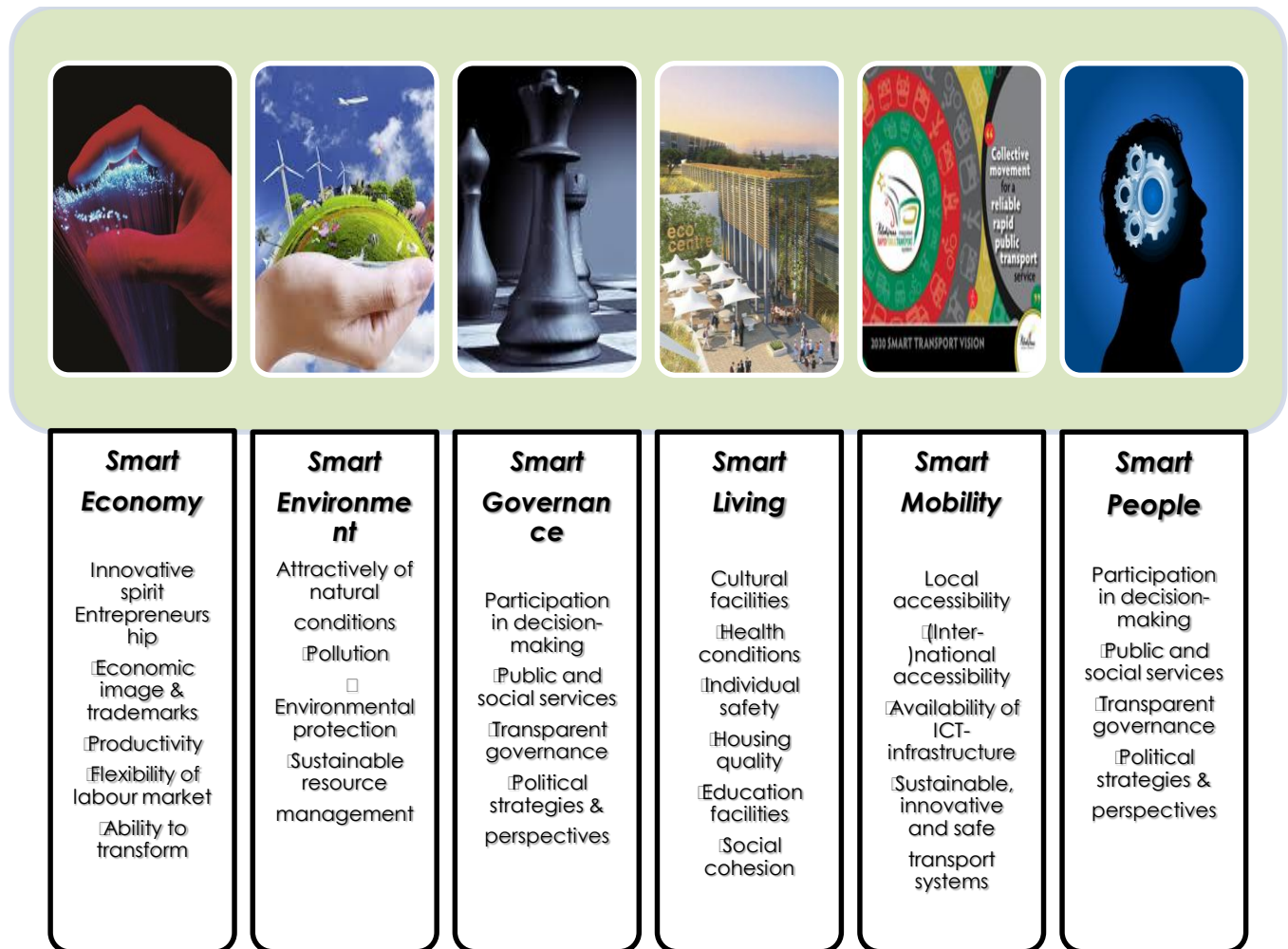
City of Polokwane has charted its post-election strategy for the next term and beyond through VISION 2030. This strategy is pegged against a long-term growth path to transform the municipality into a bustling and sustainable entity that distinguishes the Municipality as a nodal point that offers quality living experience through the **SMART CITY** concept.

Embedded in this strategic positioning is the need to craft an operating model that best fits the municipal ability to deliver on its strategy and mandate. It is precisely this process of envisioning operating model, which encouraged the leadership of the municipality to initiate a strategic planning session for the municipality.

A Strategic Planning Workshops was held with Departments which was then followed by Municipal Strategic Planning session to assess progress to date to deliver Vision 2030: unlike the previous year's Strategic Planning Session the main objective was to

- Assess Progress to date to deliver Vision 2030
- Review and refine the Logic Models (inputs)
- Review and refine the Scorecards
- Review and refine the Operating Model
- Develop Value Chain/Service Standards
- Roadmap for Vision 2030

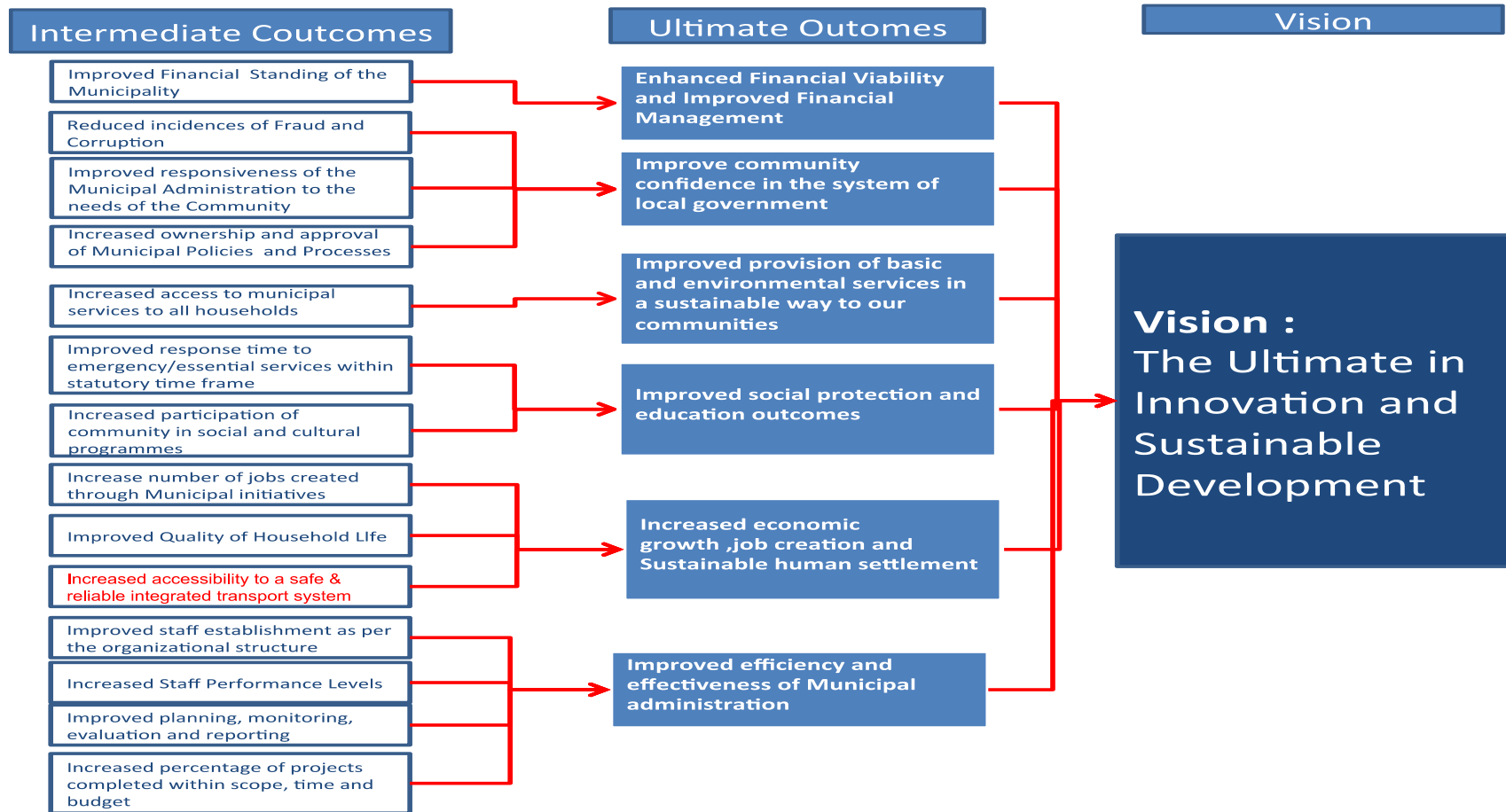
The Smart City Concept



Forward looking in Economy, People, Governance, Mobility, Environment and Spaces. Comprehensive integration of critical infrastructure in its totality. Build collective intelligence of the City through connecting the physical, the IT, the social, and the business infrastructure.

Using the 'Smart City' as a compass to reposition the City of Polokwane as the trailblazer in the knowledge economy of not only Limpopo Province, but in the country. Using it as a platform to transform the productive patterns of the City's groups of communities, i.e. citizens, business, NGOs, government departments, etc.

GOALS AND OBJECTIVES MAP



Alignment of the Ultimate Outcomes/Goals for City of Polokwane to the KPA

| Key Performance Area | Ultimate Outcomes/Goals |
|--|---|
| KPA 1: Municipal Transformation and Institutional Development | 1. Improved efficiency and effectiveness of Municipal administration |
| KPA 2: Basic Services Delivery and Infrastructure | 2. Improved provision of basic and environmental services in a sustainable way to our |
| KPA 2: Basic Services Delivery and Infrastructure | 3. Improved social protection and education outcomes |
| KPA3 & 6 : Local Economic Development & Spatial Rationale | 4. Increased economic growth ,job creation and Sustainable human settlement, Integrated sustainable human settlement |
| KPA 4: Municipal Financial Viability and Financial Management | 5. Enhanced Financial Viability and Improved Financial Management |
| KPA 5. Good Governance and Public Participation | 6. Improve community confidence in the system of local government |

Table 27 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

| Strategic Objective | Goal | Goal Code | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|-----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | | |
| Develop and refurbish infrastructural services | Water and sanitation | A | 267 509 | 260 268 | 284 057 | 314 381 | 314 381 | 314 381 | 342 674 | 371 799 | 371 799 |
| | | | | | | | | | | | |
| | Energy services | B | 605 290 | 616 717 | 702 871 | 793 681 | 793 681 | 793 681 | 896 860 | 1 017 936 | 1 017 936 |
| | Transport infrastructure | C | 48 | 80 | 200 | 212 | 212 | 212 | 226 | 240 | 240 |
| Create a conducive economic environment | Economic development and tourism | D | | | 1 147 | 1 215 | 1 215 | 1 215 | 1 294 | 1 376 | 1 376 |
| | City and regional planning | E | 5 572 | 11 762 | 28 361 | 36 743 | 36 743 | 36 743 | 39 131 | 41 596 | 41 596 |
| | Transport operations | F | | | | | | | | | |
| | Sports and Recreation | G | 3 166 | 1 173 | 2 935 | 3 111 | 3 111 | 3 111 | 3 313 | 3 522 | 3 522 |
| | Facility commercialisation | H | 6 966 | 2 859 | 12 000 | 12 720 | 12 720 | 12 720 | 13 547 | 14 400 | 14 400 |
| | | | | | | | | | | | |
| | Corporate Geo-information | I | | | | | | | | | |
| Enhance revenue and asset base | Budget and treasury | J | 979 871 | 1 261 922 | 1 359 434 | 1 583 591 | 1 662 309 | 1 662 309 | 1 609 293 | 1 697 573 | 1 960 970 |
| Plan sustainable integrated settlements | Housing & Building Inspections | K | 5 269 | 5 814 | 6 274 | 6 650 | 6 650 | 6 650 | 7 050 | 7 474 | 7 474 |
| | | | | | | | | | | | |
| Preserv e natural resources | Environmental management | L | 3 693 | 2 559 | 3 123 | 3 311 | 3 311 | 3 311 | 3 526 | 3 748 | 3 748 |
| | Waste management | M | 52 674 | 55 694 | 59 718 | 65 083 | 65 083 | 65 083 | 69 313 | 73 680 | 73 680 |
| | Community health services | N | | | 2 000 | 2 120 | 2 120 | 2 120 | 2 258 | 2 400 | 2 400 |
| Facilitate, care and support communities | Fire and emergency services | O | 259 | 277 | 287 | 304 | 304 | 304 | 324 | 344 | 344 |
| | Arts and Culture | P | 380 | 326 | 585 | 542 | 542 | 542 | 577 | 613 | 613 |
| | Traffic and licence | Q | 25 375 | 37 759 | 36 774 | 41 362 | 41 362 | 41 362 | 44 051 | 46 826 | 46 826 |
| | Facility management | R | 526 | 520 | 888 | 941 | 941 | 941 | 1 003 | 1 066 | 1 066 |
| | Disaster management | S | | | | | | | | | |
| | Community safety and security | T | | | | | | | | | |
| | Control centre | U | 259 | 277 | 287 | 304 | 304 | 304 | 324 | 344 | 344 |
| | Special focus (community programmes) | V | | | | | | | | | |
| Invest in human capital and retain skills | Human resources | W | 3 278 | 811 | 4 225 | 4 478 | 4 478 | 4 478 | 4 769 | 5 070 | 5 070 |
| Practice good governance | Internal audit | X | | | | | | | | | |
| | Risk management | Y | | | | | | | | | |
| | IDP | Z | | | | | | | | | |
| | Project management | AA | | | | | | | | | |
| | Performance management | AB | | | | | | | | | |
| | Information systems | AC | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Legal services | AD | | | | | | | | | |
| | Secretariat | AE | | | | | | | | | |
| | Mechanical services | AF | | | | | | | | | |
| | Councillor support , Traditional Affairs and public participation | AG | | | | | | | | | |
| | Communication and marketing | AI | | | | | | | | | |
| | Council &Executive mayor's office | AJ | | | | | | | | | |
| | Municipal manager's office | AK | | | | | | | | | |
| Allocations to other priorities | | | | | | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | | | 1 960 135 | 2 258 818 | 2 505 166 | 2 870 751 | 2 949 469 | 2 949 469 | 3 039 533 | 3 290 009 | 3 553 406 |

Table 28 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

| Strategic Objective | Goal | Goal Code | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|---|-----------|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| R thousand | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Develop and refurbish infrastructural services | Water and sanitation | A | 337 845 | 262 999 | 872 689 | 367 131 | 400 541 | 400 541 | 381 758 | 493 351 | 538 115 |
| | Energy services | B | 544 650 | 608 579 | 647 619 | 797 721 | 797 721 | 797 721 | 778 581 | 797 867 | 845 740 |
| | Transport infrastructure | C | 96 116 | 181 607 | 77 508 | 77 070 | 77 070 | 77 070 | 82 080 | 87 251 | 92 486 |
| Create a conducive economic environment | Economic development and tourism | D | 7 689 | 8 293 | 12 017 | 12 619 | 12 619 | 12 619 | 12 427 | 13 210 | 14 002 |
| | City and regional planning | E | 43 631 | 12 350 | 46 051 | 22 727 | 22 727 | 22 727 | 22 660 | 24 088 | 25 533 |
| | Transport operations | F | 1 736 | 10 529 | 7 123 | 16 940 | 16 940 | 16 940 | 18 041 | 19 178 | 20 329 |
| | Sports and Recreation | G | 91 397 | 119 539 | 95 296 | 92 319 | 92 319 | 92 319 | 98 320 | 104 514 | 110 785 |
| | Facility commercialisation | H | 33 417 | 18 562 | 15 085 | 16 960 | 16 960 | 16 960 | 18 062 | 19 200 | 20 352 |
| | Corporate Geo-information | I | 1 | 1 | | | | | | | |
| Enhance revenue and asset base | Budget and treasury | J | 170 237 | 151 610 | 128 234 | 146 276 | 146 276 | 146 276 | 155 774 | 165 576 | 175 510 |
| Plan sustainable integrated settlements | Housing & Building Inspections | K | 9 524 | 28 718 | 10 105 | 14 199 | 14 199 | 14 199 | 15 122 | 16 075 | 17 040 |
| Preserve natural resources | Environmental management | L | 48 586 | 55 238 | 49 777 | 51 269 | 51 269 | 51 269 | 54 602 | 58 042 | 61 524 |
| | Waste management | M | 52 472 | 59 609 | 60 416 | 64 900 | 64 900 | 64 900 | 69 118 | 73 473 | 77 881 |
| | Community health services | N | 5 897 | 5 917 | 4 711 | 4 784 | 4 784 | 4 784 | 5 095 | 5 416 | 5 741 |
| Facilitate, care and support communities | Fire and emergency services | O | 22 476 | 27 411 | 26 167 | 28 438 | 28 438 | 28 438 | 30 286 | 32 194 | 34 126 |
| | Arts and Culture | P | 20 081 | 33 563 | 26 161 | 27 687 | 27 687 | 27 687 | 29 057 | 30 887 | 32 741 |
| | Traffic and licence | Q | 44 451 | 84 284 | 49 854 | 69 749 | 69 749 | 69 749 | 69 682 | 74 072 | 78 517 |
| | Facility management | R | 24 470 | 59 686 | 32 446 | 38 404 | 38 404 | 38 404 | 40 901 | 43 477 | 46 086 |
| | Disaster management | S | 4 406 | 4 319 | 4 843 | 5 893 | 5 893 | 5 893 | 6 276 | 6 672 | 7 072 |
| | Community safety and security | T | | | | | | | | | |
| | Control centre | U | 69 639 | 76 364 | 84 675 | 62 729 | 62 729 | 62 729 | 66 806 | 71 015 | 75 276 |
| | Special focus (community programmes) | V | 2 581 | 3 744 | 4 785 | 5 623 | 5 623 | 5 623 | 5 988 | 6 366 | 6 748 |
| Invest in human capital and retain skills | Human resources | W | 58 226 | 55 910 | 44 372 | 40 489 | 40 489 | 40 489 | 43 103 | 45 819 | 48 568 |
| Practice good governance | Internal audit | X | 4 135 | 6 196 | 9 355 | 9 223 | 9 223 | 9 223 | 9 823 | 10 442 | 11 068 |
| | Risk management | Y | 3 255 | 2 950 | 4 214 | 3 008 | 3 008 | 3 008 | 3 204 | 3 405 | 3 610 |
| | IDP | Z | 5 289 | 3 820 | 6 796 | 4 809 | 4 809 | 4 809 | 5 121 | 5 444 | 5 770 |
| | Project management | AA | 3 360 | 2 615 | 5 112 | 5 864 | 5 864 | 5 864 | 6 245 | 6 639 | 7 037 |
| | Performance management | AB | 1 066 | 1 828 | 4 114 | 9 982 | 9 982 | 9 982 | 10 046 | 10 678 | 11 319 |
| | Information systems | AC | 20 132 | 24 464 | 33 770 | 35 337 | 35 337 | 35 337 | 37 633 | 40 004 | 42 405 |
| | Legal services | AD | 8 172 | 8 663 | 16 331 | 9 723 | 9 723 | 9 723 | 10 355 | 11 007 | 11 667 |
| | Secretariat | AE | 7 982 | 11 429 | 9 762 | 10 162 | 10 162 | 10 162 | 10 822 | 11 504 | 12 194 |
| | Mechanical services | AF | 43 063 | 51 081 | 75 093 | 40 687 | 40 687 | 40 687 | 43 331 | 46 061 | 48 825 |
| | Councillor support , Traditional Affairs and public participation | AG | | | | | | | | | |
| | Communication and marketing | AI | 8 665 | 9 151 | 9 419 | 7 681 | 7 681 | 7 681 | 8 180 | 8 695 | 9 217 |
| | Council & Executive mayor's office | AJ | 117 129 | 236 116 | 131 204 | 184 259 | 184 259 | 184 259 | 196 236 | 208 599 | 221 115 |
| | Municipal manager's office | AK | 4 341 | 6 553 | 3 579 | 3 897 | 3 897 | 3 897 | 4 150 | 4 412 | 4 676 |
| Allocations to other priorities | | | | | | | | | | | |
| Total Expenditure | | | 1 916 119 | 2 233 697 | 2 608 685 | 2 288 560 | 2 321 970 | 2 321 970 | 2 348 887 | 2 554 633 | 2 723 074 |

Table 29 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

| Strategic Objective | Goal | Goal Code | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|--|-----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | | |
| Develop and refurbish infrastructural services | Water and sanitation | A | 128 072 | 138 605 | 118 229 | 171 500 | 171 500 | 171 500 | 343 926 | 288 837 | 219 432 |
| | Energy services | B | 21 965 | 7 325 | 18 857 | 14 800 | 14 800 | 14 800 | 26 000 | 18 226 | 27 671 |
| | Transport infrastructure | C | 117 313 | 78 971 | 64 859 | 122 949 | 169 113 | 169 113 | 215 838 | 264 487 | 316 704 |
| Create a conducive economic environment | Economic development and tourism | D | | | | | | | | | |
| | City and regional planning | E | 4 121 | | 1 850 | 3 000 | 3 000 | 3 000 | | | |
| | Transport operations | F | 39 320 | 129 182 | 311 918 | 169 689 | 169 689 | 169 689 | 173 575 | 173 390 | 189 494 |
| | Sports and Recreation | G | 119 | 8 216 | 49 930 | 46 500 | 46 500 | 46 500 | 58 900 | 28 150 | 32 765 |
| | Facility commercialisation | H | | | | | | | | | |
| | Corporate Geo-information | I | | | | | | | 5 500 | 2 800 | 2 750 |
| Enhance revenue and asset base | Budget and treasury | J | 44 | 51 | 1 000 | 5 000 | 5 000 | 5 000 | 6 350 | 6 149 | 4 930 |
| Plan sustainable integrated settlements | Housing & Building Inspections | K | 2 | | 109 | | | | | | |
| Preserve natural resources | Environmental management | L | 388 | | 6 704 | 3 683 | 3 683 | 3 683 | 24 300 | 8 800 | 5 250 |
| | Waste management | M | | 787 | 9 613 | 4 000 | 4 000 | 4 000 | 9 250 | 15 500 | 15 450 |
| | Community health services | N | | | | | | | | | |
| Facilitate, care and support communities | Fire and emergency services | O | 269 | 2 | 998 | 3 450 | 3 450 | 3 450 | 1 500 | 2 200 | 3 500 |
| | Arts and Culture | P | | | 800 | | | | 1 300 | 1 200 | 1 600 |
| | Traffic and licence | Q | | 183 | | 4 300 | 4 300 | 4 300 | 3 416 | 6 746 | 2 460 |
| | Facility management | R | | 1 158 | 18 781 | 10 000 | 10 000 | 10 000 | 35 475 | 38 500 | 33 670 |
| | Disaster management | S | | | | | | | | | |
| | Community safety and security | T | | | | | | | 7 650 | 3 600 | 2 600 |
| | Control centre | U | 476 | | | 2 550 | 2 550 | 2 550 | | | |
| | Special focus (community programmes) | V | | | 500 | 12 500 | 12 500 | 12 500 | 3 000 | 750 | 750 |
| Invest in human capital and retain skills | Human resources | W | | | | | | | | | |
| Practice good governance | Internal audit | X | | | | | | | | | |
| | Risk management | Y | | | | | | | | | |
| | IDP | Z | | | | | | | | | |
| | Project management | AA | | | | | | | | | |
| | Performance management | AB | | | | | | | | | |
| | Information systems | AC | 773 | 9 176 | 4 500 | 5 000 | 5 000 | 5 000 | 9 600 | 4 950 | 2 950 |
| | Legal services | AD | | | | | | | | | |
| | Secretariat | AE | | | 400 | | | | | | |
| | Mechanical services | AF | 24 571 | 96 146 | | | | | | | |
| | Councillor support, Traditional Affairs and public participation | AG | | | | | | | | | |
| | Communication and marketing | AI | | | | | | | | | |
| | council & Executive mayor's office | AJ | | | | 1 200 | 1 200 | 1 200 | | | |
| | Municipal manager's office | AK | | | | | | | | | |
| | Secretariat | AE | | | | | | | | | |
| Allocations to other priorities | | | | | | | | | | | |
| Total Capital Expenditure | | | 337 434 | 469 802 | 609 048 | 580 121 | 626 285 | 626 285 | 925 580 | 864 285 | 861 976 |

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

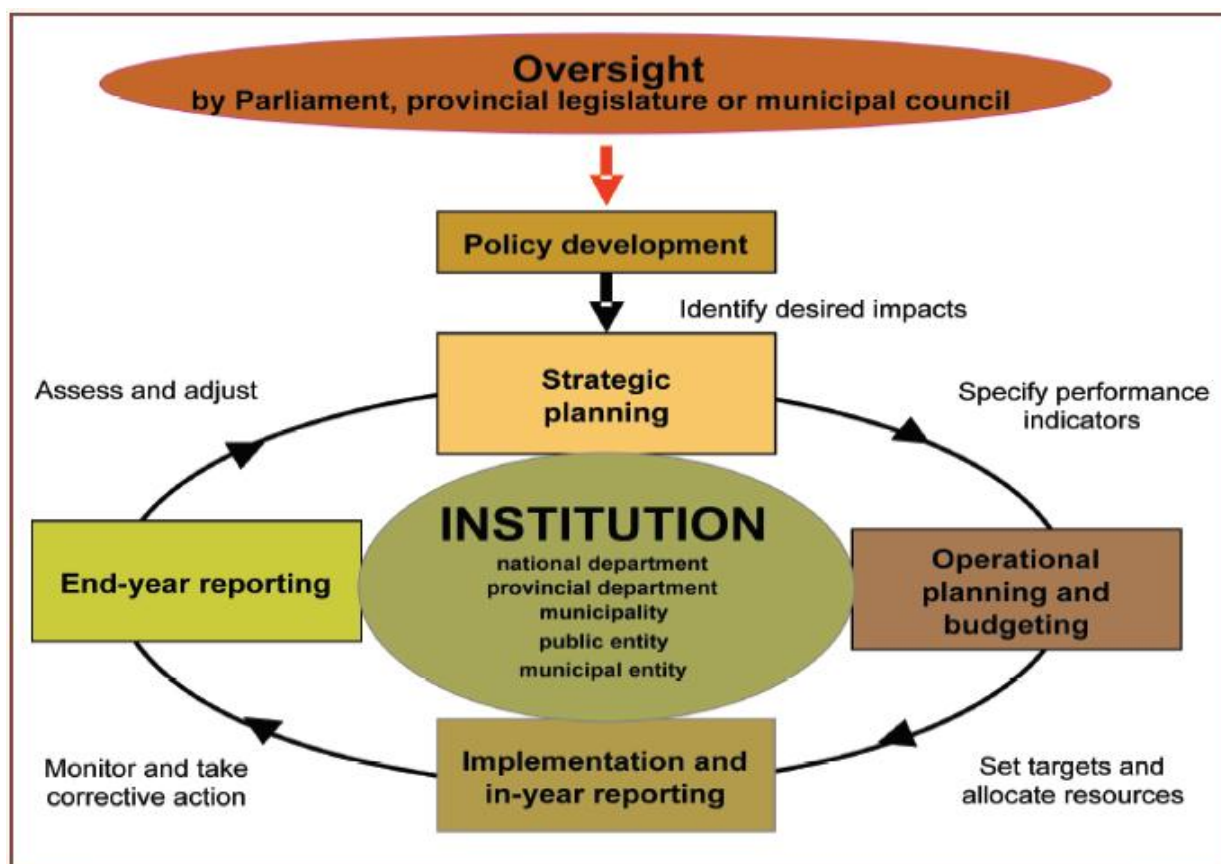


Figure 1 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

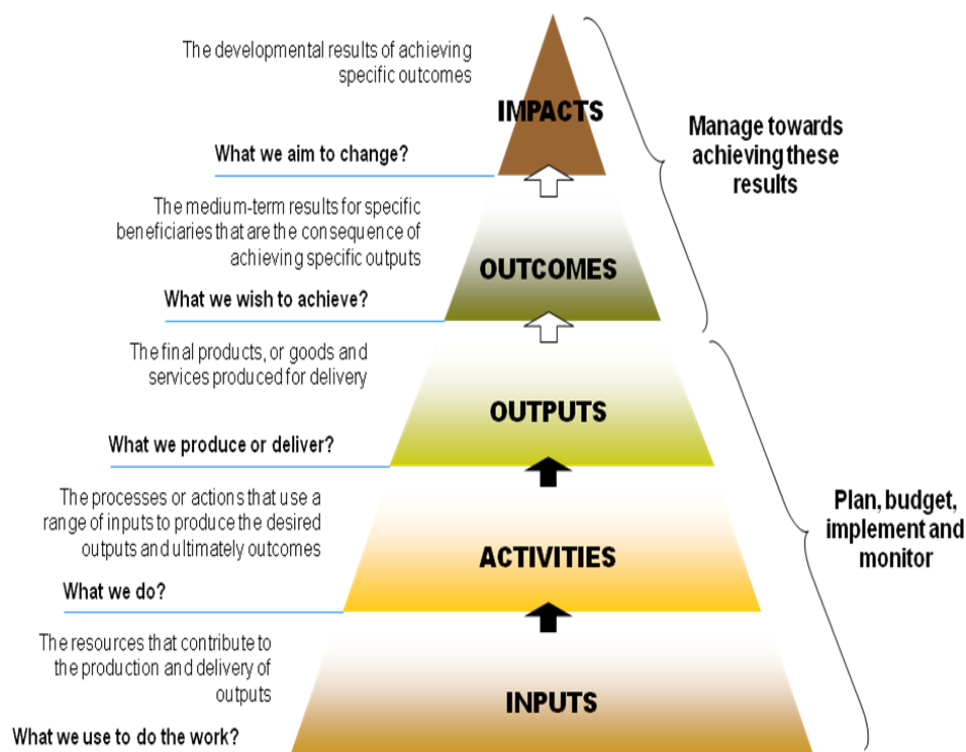


Figure 2 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

The following table sets out the municipalities main performance objectives and benchmarks for the 2016/17 MTREF.

Table 31 MBRR Table SA8 - Performance indicators and benchmarks

| Description of financial indicator | Basis of calculation | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| <u>Borrowing Management</u> | | | | | | | | | | | |
| Credit Rating | | | | | | | | | | | |
| Capital Charges to Operating Expenditure | Interest & Principal Paid /Operating Expenditure | 3,4% | 3,3% | 3,7% | 4,2% | 4,1% | 4,1% | 4,1% | 4,8% | 7,0% | 8,7% |
| Capital Charges to Own Revenue | Finance charges & Repayment of borrowing /Own Revenue | 5,1% | 5,3% | 6,9% | 5,5% | 5,3% | 5,3% | 5,3% | 6,5% | 9,4% | 11,7% |
| Borrowed funding of 'own' capital expenditure | Borrowing/Capital expenditure excl. transfers and grants and contributions | 18,8% | 63,1% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 51,0% | 36,0% | 21,8% |
| <u>Safety of Capital</u> | | | | | | | | | | | |
| Gearing | Long Term Borrowing/ Funds & Reserves | 36,3% | 16,0% | 7,2% | 13,7% | 13,8% | 13,8% | 13,8% | 7,0% | 10,9% | 11,7% |
| <u>Liquidity</u> | | | | | | | | | | | |
| Current Ratio | Current assets/current liabilities | 1,3 | 1,2 | 1,1 | 1,0 | 0,6 | 0,6 | 0,6 | 0,8 | 0,9 | 1,0 |
| Current Ratio adjusted for aged debtors | Current assets less debtors > 90 days/current liabilities | 1,3 | 1,2 | 0,8 | 1,0 | 0,6 | 0,6 | 0,6 | 0,8 | 0,9 | 1,0 |
| Liquidity Ratio | Monetary Assets/Current Liabilities | 0,5 | 0,6 | 0,5 | 0,5 | 0,3 | 0,3 | 0,3 | 0,5 | 0,6 | 0,7 |
| <u>Revenue Management</u> | | | | | | | | | | | |
| Annual Debtors Collection Rate (Payment Level %) | Last 12 Mths Receipts/Last 12 Mths Billing | | 0,0% | 0,0% | 0,0% | 87,7% | 81,3% | 81,3% | 81,3% | 85,0% | 93,0% |
| Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue) | | 0,0% | 0,0% | 0,0% | 87,7% | 81,3% | 81,3% | 81,3% | 85,0% | 93,0% | 93,0% |
| Outstanding Debtors to Revenue | Total Outstanding Debtors to Annual Revenue | 26,4% | 23,4% | 21,3% | 18,3% | 7,3% | 7,3% | 7,3% | 6,3% | 5,8% | 5,4% |
| Longstanding Debtors Recovered | Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old | | 96,0% | 97,0% | | | | | | | |
| <u>Creditors Management</u> | | | | | | | | | | | |
| Creditors System Efficiency | % of Creditors Paid Within Terms (within 'MFMA' s 65(e)) | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| Creditors to Cash and Investments | | 554,1% | 100,5% | 108,5% | 123,7% | 349,8% | 349,8% | 349,8% | 146,3% | 111,9% | 100,6% |
| <u>Other Indicators</u> | | | | | | | | | | | |
| Electricity Distribution Losses (2) | Total Volume Losses (kW) | 73822461 | 56190111 | 105726349,2 | 68280518,66 | 68280518,66 | 68280518,66 | 68280518,66 | 100726349,2 | 100726349,2 | 100726349,2 |
| | Total Cost of Losses (Rand '000) | 51 902 | 35 162 | 71 889 | 40 355 | 40 355 | 40 355 | 40 355 | 148 068 | 148 068 | 148 068 |
| | % Volume (units purchased and generated less units sold)/units purchased and generated | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Water Distribution Losses (2) | Total Volume Losses (kℓ) | 7 982 | 13 768 | 8 993 | 3 124 | 3 124 | 3 124 | 3 124 | 7 000 | 7 000 | 7 000 |
| | Total Cost of Losses (Rand '000) | 33844650 | 62193829 | 49075131 | 21706957,88 | 21706957,88 | 21706957,88 | 21706957,88 | 1260029,34 | 1260029,34 | 1260029,34 |
| | % Volume (units purchased and generated less units sold)/units purchased and generated | | 0 | 0 | | 0,18 | | | | | |

| Description of financial indicator | Basis of calculation | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Employee costs | Employee costs/(Total Revenue - capital revenue) | 23,5% | 23,6% | 25,6% | 24,7% | 23,1% | 23,1% | 23,1% | 25,0% | 24,4% | 24,3% |
| Remuneration | Total remuneration/(Total Revenue - capital revenue) | 24,6% | 24,8% | 26,9% | 25,8% | 24,1% | 24,1% | | 26,5% | 25,8% | 25,6% |
| Repairs & Maintenance | R&M/(Total Revenue excluding capital revenue) | 8,7% | 7,6% | 8,5% | 7,7% | 8,1% | 7,4% | | 4,4% | 4,3% | 4,2% |
| Finance charges & Depreciation | FC&D/(Total Revenue - capital revenue) | 17,7% | 26,1% | 30,2% | 10,5% | 9,8% | 9,8% | 9,8% | 8,7% | 10,6% | 9,9% |
| IDP regulation financial viability indicators | | | | | | | | | | | |
| i. Debt coverage | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year) | 19,0 | 14,7 | 12,0 | 14,8 | 14,8 | 14,8 | 17,9 | 13,1 | 9,8 | 10,6 |
| ii. O/S Service Debtors to Revenue | Total outstanding service debtors/annual revenue received for services | 36,3% | 34,7% | 32,7% | 27,4% | 11,7% | 11,7% | 11,7% | 10,0% | 9,2% | 8,5% |
| iii. Cost coverage | (Available cash + Investments)/monthly fixed operational expenditure | 0,5 | 2,5 | 2,4 | 2,2 | 1,0 | 1,0 | 1,0 | 1,8 | 2,7 | 3,5 |

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The following budget-related policies have been approved by Council, or have been reviewed or amended and/or are currently being reviewed/amended in line with National Guidelines and other legislation.

- 2.4.1 Budget Policy
- 2.4.2 Supply Chain Management Policy
- 2.4.3. Rates Policy
- 2.4.4 Tariff Policy
- 2.4.5 Credit Control & Debt Collection Policy
- 2.4.6 Subsistence & Travel Policy
- 2.4.7 Leave Policy
- 2.4.8 Virement Policy
- 2.4.9 Funding and Reserves Policy
- 2.4.10 Cash Management and Investment Policy
- 2.4.11 Asset Management Policy
- 2.4.12 Borrowing Policy
- 2.4.13 Indigent Policy
- 2.4.14 Petty Cash Policy
- 2.4.15 Customer Care Policy
- 2.4.16 Claims and Loss Control Policy

The promulgation of the Municipal Budget and Reporting Regulations in Government Gazette No. 32141 dated 17 April 2009 is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirement for insuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting processes of those institutions and other relevant matters as required by the MFMA.

These regulations are effective for all Municipalities from 1 July 2010 and the budget has been compiled accordingly to be in full compliance from 1 July 2010.

In terms of section 7 of these regulations the Municipal Manager must prepare, or take all reasonable steps to ensure the preparation of the budget-related policies of the municipality, or any amendments to such policies, in accordance with the legislation applicable to those policies for tabling in the municipal council by the applicable deadline specified by the mayor in terms of section 21(1) (b) of the Act.

2.4.1 BUDGET POLICY

The budget policy is there to assist Mayors, Councillors, Accounting Officers and Senior Managers in dealing with the changes brought about by the Municipal Finance Management Act No 56 of 2003. This policy provides a framework within which Senior Management can compile, control and review budgets of their respective departments to ensure effective financial management

2.4.2 SUPPLY CHAIN MANAGEMENT POLICY

Municipalities are required in terms of section 111 of the MFMA to have a supply chain management policy.

This policy is within the framework of the relevant legislation and regulations. The policy ascribes to the following principles:

A procurement system which is fair, equitable, transparent, competitive and cost-effective in terms of section 217 of the Constitution of South Africa No. 108 of 1996

As enshrined in Chapter 11 of the Municipal Finance Management Act and its regulations

Best practices in supply chain management

Uniformity in supply chain management systems between organs of state in all spheres

Broad Based Black Economic Empowerment

2.4.3 RATES POLICY

Section 5(1) of the Municipal Property Rates Act, No. 6 of 2004 states that a municipal council must annually review, and if necessary, amend its rates policy. Any amendments must accompany the municipality's draft annual budget when it is tabled in the Council. The policy is designed to ensure equitable treatment by Council in the levying of rates on property owners, including owners under sectional title, as well as other persons who may become liable for the payment of rates.

2.4.4 TARIFF POLICY

The Municipal Systems Act, No 32 of 2000, requires a municipality to have a tariff determination policy. The challenge in setting tariffs lies in striking a balance between maintaining financial sustainability of the relevant departments (and so the sustainability of service provision) and ensuring affordability of those services by consumers. The municipality's tariff policy provides a broad framework where the Council can determine fair, transparent and affordable service charges that also promote sustainability of service provision. The policy is based on principles that address the social, economic and financial imperatives that the process of tariff setting should take account of.

2.4.5 CREDIT CONTROL & DEBT COLLECTION POLICY

The municipality's credit control and debt collection policy provides the procedures and mechanisms for credit control and for the collection of debts. The primary objective of this policy is to ensure that all monies due and payable to the municipality in respect of rates, fees for services, surcharges on such fees, charges, tariffs, interest which has accrued on any amounts due and payable in respect of the foregoing and any collection charges are collected efficiently and promptly.

2.4.6 SUBSISTENCE AND TRAVEL POLICY

The purpose of this policy is to determine guidelines for Councillors and officials for the payment of travelling and subsistence allowances when performing official functions on behalf of the Municipality.

2.4.7 LEAVE POLICY

The leave policy's goal is to ensure that the services rendered by this municipality to the community are efficient, effective and uninterrupted.

The objections are as follows:

- (i) Ensure continuity in operational requirements of the organisation while other employees are on leave.
- (ii) To develop a better understanding regarding leave policy and procedure.
- (iii) Ensure the development of clearly written administrative policy and procedure.
- (iv) To ensure proper and accurate record keeping.
- (v) To ensure that the private and confidential information is maintained.
- (vi) Ensure that leave policy respond effectively to crisis and emergency situations.

2.4.8 VIREMENT POLICY

This policy's objective is to allow flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.

2.4.9 FUNDING AND RESERVES POLICY

The funding and reserves policy is aimed at ensuring that the municipality procures sufficient and cost effective funding in order to achieve its capital expenditure objectives in a optimum manner. The policy is adhered to in the procurement of funding for the municipality having due regard to the assets and liability maturity profile of the municipality

2.4.10 CASH MANAGEMENT AND INVESTMENT POLICY

Section 13(2) of the MFMA requires that a municipality have a policy dealing with cash management and investment. The municipality's cash management and investment policy is developed within the framework of the MFMA.

2.4.11 ASSET MANAGEMENT POLICY

To ensure the effective and efficient control of the municipality's assets through
 (a) proper recording of assets from authorisation to acquisition and to subsequent disposal;
 (b) providing for safeguarding procedures, and
 (c) setting proper guidelines as to authorised utilization
 (d) and prescribing for proper maintenance.

To assist officials in understanding their legal and managerial responsibilities with regard to assets.

2.4.12 BORROWING POLICY

The objectives of this Policy are to:-

manage interest rate and credit risk exposure;
 maintain debt within specified limits and ensure adequate provision for the repayment of debt;
 to ensure compliance with all Legislation and Council policy governing borrowing of funds.

2.4.13 INDIGENT POLICY

The objectives of this Policy are to:-

Provide a framework within which the Municipality can exercise its executive and legislative authority with regard to the implementation of financial aid to indigent and poor households in respect of their municipal account;
 Determine the criteria for qualification of Indigent and poor households;
 Ensure that the criteria is applied correctly and fairly to all applicants;
 Allow the municipality to conduct in loco visits to the premises of applicants to verify the actual status of the household;
 Allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies.

2.4.14 PETTY CASH POLICY

Compliance with the regulatory framework in terms of the relevant legislation is required.

2.4.15 Customer Care Policy

2.4.16 Claims and Loss Control Policy (New)

2.5 Overview of budget assumptions

2.5.1 External factors

The South African economy has averaged about 2.5 per cent growth a year since 2010. A recovery of up to 2.5 per cent and 3.0 per cent growth in 2014 and 2015 is expected, but these are modest rates of expansion relative to the social and developmental challenges we face and the opportunities that our mineral wealth and human capabilities offer.

There was a welcome recovery in job creation during 2011, but unemployment has not yet returned to its 2008 peak and the unemployment rate remains high at 25 per cent.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 27% per cent of total operating expenditure in the 2016/17 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC has been concluded with the municipal workers unions and must be noted. Provision was made for a 6.0% increase.

2.5.3 Credit rating outlook

Table 32 Credit rating outlook

| Security class | Currency | Rating | Annual rating 2010/11 | Previous Rating |
|----------------|----------|----------|--------------------------|--------------------|
| Short term | Rand | Prime -1 | 20 September 2005 | A2 |
| Long-term | Rand | Aa3 | 20 September 2005 | BBB |
| | | | | |

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2016/17 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2016/17 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (93 per cent) of annual billings. Cash flow is assumed to be 93 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.6 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.7 Salary increases

An across the board increase of 6.0 per cent has been provided for all employee related cost.

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 90 per cent is achieved on operating expenditure and 60 per cent on the capital programme for the 2016/17 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 33 Breakdown of the operating revenue over the medium-term

| Description | 2016/17 Medium Term Revenue & Expenditure Framework | | | | | |
|--|---|-------------|------------------------|-------------|------------------------|-------------|
| | Budget Year 2016/17 | | Budget Year +1 2017/18 | | Budget Year +2 2018/19 | |
| R thousand | | | | | | |
| Revenue By Source | | | | | | |
| Property rates | 332 000 | 12,89% | 351 920 | 12,58% | 373 035 | 12,37% |
| Service charges - electricity revenue | 872 876 | 33,90% | 954 926 | 34,13% | 1 044 689 | 34,63% |
| Service charges - water revenue | 274 535 | 10,66% | 291 007 | 10,40% | 308 467 | 10,23% |
| Service charges - sanitation revenue | 60 858 | 2,36% | 66 944 | 2,39% | 73 639 | 2,44% |
| Service charges - refuse revenue | 67 058 | 2,60% | 71 081 | 2,54% | 75 346 | 2,50% |
| Rental of facilities and equipment | 13 500 | 0,52% | 14 000 | 0,50% | 14 600 | 0,48% |
| Interest earned - external investments | 25 100 | 0,97% | 27 300 | 0,98% | 28 600 | 0,95% |
| Interest earned - outstanding debtors | 2 140 | 0,08% | 18 900 | 0,68% | 17 580 | 0,58% |
| Dividends received | – | 0,00% | – | 0,00% | – | 0,00% |
| Fines | 12 000 | 0,47% | 12 300 | 0,44% | 13 000 | 0,43% |
| Licences and permits | 12 500 | 0,49% | 11 000 | 0,39% | 12 400 | 0,41% |
| Agency services | 18 800 | 0,73% | 19 500 | 0,70% | 20 100 | 0,67% |
| Transfers recognised - operational | 830 078 | 32,24% | 900 621 | 32,19% | 976 624 | 32,38% |
| Other revenue | 51 300 | 1,99% | 57 600 | 2,06% | 57 800 | 1,92% |
| Gains on disposal of PPE | 2 100 | 0,08% | 625 | 0,02% | 550 | 0,02% |
| Total Revenue (excluding capital transfers and contributions) | 2 574 844 | 100% | 2 797 724 | 100% | 3 016 430 | 100% |
| Rates and Service Charges | 1 607 326 | 62% | 1 735 878 | 62% | 1 875 176 | 62% |

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity, solid waste removal, property rates, operating grants from organs of state and other minor charges (such as building plan fees, licenses, fines and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Energy Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2016/17 MTREF on the different revenue categories are:

Table 34 Proposed tariff increases over the medium-term

| Revenue Category | 2016/17 | 2017/18 | 2018/19 |
|---------------------------------------|---------|---------|---------|
| Property rates | 6% | 6% | 6% |
| Service charges - electricity revenue | 10% | 9,4% | 9,4% |
| Service charges - water revenue | 6% | 6% | 6% |
| Service charges - sanitation revenue | 10% | 10% | 10% |
| Service charges - refuse revenue | 6% | 6% | 6% |

The tables below provide detail investment information and investment particulars by maturity.

Table 35 MBRR SA15 – Detail Investment Information

| Investment type | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | |
| Parent municipality | | | | | | | | | |
| Securities - National Government | | | | | | | | | |
| Listed Corporate Bonds | | | | | | | | | |
| Deposits - Bank | 220 000 | 220 000 | 110 000 | 220 000 | 220 000 | 220 000 | 330 000 | 300 000 | 295 000 |
| Deposits - Public Investment Commissioners | | | | | | | | | |
| Deposits - Corporation for Public Deposits | | | | | | | | | |
| Bankers Acceptance Certificates | | | | | | | | | |
| Negotiable Certificates of Deposit - Banks | | | | | | | | | |
| Guaranteed Endowment Policies (sinking) | 59 000 | 59 000 | 59 000 | 59 000 | 59 000 | 59 000 | 59 000 | 59 000 | 59 000 |
| Repurchase Agreements - Banks | | | | | | | | | |
| Municipal Bonds | | | | | | | | | |
| Municipality sub-total | 279 000 | 279 000 | 169 000 | 279 000 | 279 000 | 279 000 | 389 000 | 359 000 | 354 000 |
| Entities sub-total | - | - | - | - | - | - | - | - | - |
| Consolidated total: | 279 000 | 279 000 | 169 000 | 279 000 | 279 000 | 279 000 | 389 000 | 359 000 | 354 000 |

Table 36 MBRR SA16 – Investment particulars by maturity

| Investments by Maturity | Period of Investment | Type of Investment | Capital Guarantee (Yes/ No) | Variable or Fixed interest rate | Interest Rate 3. | Commission on Paid (Rands) | Commission Recipient | Expiry date of investment | Opening balance | Interest to be realised | Partial / Premature Withdrawal (4) | Investment Top Up | Closing Balance |
|---------------------------------------|----------------------|--------------------|-----------------------------|---------------------------------|------------------|----------------------------|----------------------|---------------------------|-----------------|-------------------------|------------------------------------|-------------------|-----------------|
| Name of institution & investment ID | Yrs/Month | | | | | | | | | | | | |
| Parent municipality | | | | | | | | | | | | | |
| Standard Bank | | Fixed Deposit | No | Fixed | 6 | No | N/A | CALL ACCOUNT | 59 000 | 279 | | | 59 279 |
| | | | | | | | | | | | | | - |
| Municipality sub-total | | | | | | | | | 59 000 | | - | - | 59 279 |
| TOTAL INVESTMENTS AND INTEREST | | | | | | | | | 59 000 | | - | - | 59 279 |

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2016/17 medium-term capital programme:

Table 37 Sources of capital revenue over the MTREF

| Vote Description R thousand | 2016/17 Medium Term Revenue & Expenditure Framework | | | | | |
|---|---|-------------|------------------------|-------------|------------------------|-------------|
| | Budget Year 2016/17 | | Budget Year +1 2017/18 | | Budget Year +2 2018/19 | |
| Funded by: | | | | | | |
| National Government | 464 689 | 50% | 492 285 | 57% | 536 976 | 62% |
| Provincial Government | | | | | | |
| District Municipality | | | | | | |
| Other transfers and grants | | | | | | |
| Transfers recognised - capital | 464 689 | | 492 285 | | 536 976 | |
| Public contributions & donations | | | | | | |
| Borrowing | 235 000 | 25% | 134 000 | 16% | 71 000 | 8% |
| Internally generated funds | 225 891 | 24% | 238 001 | 28% | 253 999 | 29% |
| Total Capital Funding | 925 580 | 100% | 864 286 | 100% | 861 975 | 100% |

Capital grants and receipts equates to 50 per cent of the total funding source which represents R464.6 million for the 2016/17 financial year and amounts to R536.9million or 62 per cent by 2018/19.

The following table is a detailed analysis of the Municipality's borrowing liability.

Table 38 MBRR Table SA 17 - Detail of borrowings

| Borrowing - Categorised by type R thousand | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Parent municipality | | | | | | | | | |
| Long-Term Loans (annuity/reducing balance) | 283 472 | 309 088 | 243 043 | 237 296 | 237 296 | 237 296 | 236 820 | 368 876 | 395 503 |
| Municipality sub-total | 283 472 | 309 088 | 243 043 | 237 296 | 237 296 | 237 296 | 236 820 | 368 876 | 395 503 |
| Entities sub-total | - | - | - | - | - | - | - | - | - |
| Total Borrowing | 283 472 | 309 088 | 243 043 | 237 296 | 237 296 | 237 296 | 236 820 | 368 876 | 395 503 |

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below

Table 39 MBRR Table SA 18 - Transfers and grant receipts

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| RECEIPTS: | | | | | | | | | |
| Operating Transfers and Grants | | | | | | | | | |
| National Government: | 412 805 | 558 258 | 547 555 | 678 860 | 678 860 | 678 860 | 809 381 | 878 683 | 953 369 |
| Local Government Equitable Share | 388 232 | 415 990 | 455 799 | 522 595 | 522 595 | 522 595 | 675 714 | 757 286 | 830 052 |
| Finance Management | 1 500 | 1 650 | 1 800 | 1 875 | 1 875 | 1 875 | 2 619 | 2 979 | 3 234 |
| Department of Water Affairs | 3 273 | | | | | | | | |
| Municipal Systems Improvement | 800 | 890 | 930 | 930 | 930 | 930 | - | - | - |
| Public Transport | | 19 304 | 6 093 | 11 000 | 11 000 | 11 000 | 19 451 | 20 613 | 22 056 |
| Department Sport & Recreation | | | | | | | | | |
| CHAN Host City Operating Grant | | 33 500 | - | - | - | - | | | |
| Infrastructure skills development fund | 3 000 | 3 200 | 3 000 | 5 000 | 5 000 | 5 000 | 6 000 | 6 213 | 6 500 |
| Expanded public works programme incentive grant | | 4 614 | - | - | - | - | | | |
| FIFA Local Organizing Committee | | | | | | | | | |
| Integrated national electrification programme grant | | | 31 000 | 40 000 | 40 000 | 40 000 | 45 000 | 40 000 | 40 000 |
| Expanded public works programme incentive grant | | | | | | | | | |
| Municipal Infrastructure (MIG) | | 42 735 | 44 973 | 42 800 | 42 800 | 42 800 | 45 671 | 48 548 | 51 527 |
| Expanded public works programme incentive grant | 16 000 | 36 375 | 3 960 | 2 660 | 2 660 | 2 660 | 5 975 | | |
| Municipal Demarcation | | | | | | | 8 952 | 3 044 | - |
| Total Operating Transfers and Grants | 412 805 | 558 258 | 547 555 | 678 860 | 678 860 | 678 860 | 809 381 | 878 683 | 953 369 |
| Capital Transfers and Grants | | | | | | | | | |
| National Government: | 295 517 | 586 404 | 574 050 | 466 288 | 470 854 | 470 854 | 469 386 | 514 223 | 560 231 |
| Municipal Infrastructure (MIG) | 221 514 | 337 109 | 262 336 | 271 243 | 236 569 | 236 569 | 254 272 | 303 475 | 322 002 |
| Public Transport | 48 703 | 221 795 | 277 656 | 173 189 | 201 357 | 201 357 | 180 575 | 180 390 | 192 994 |
| Sport and Recreation | | | - | | | | | | |
| Water Affairs | | 10 000 | 20 000 | - | | | | | |
| Integrated national electrification programme grant | | - | - | - | | | | | |
| Expanded public works programme incentive grant | 5 300 | | - | 1 856 | 1 856 | 1 856 | | | |
| Electricity Demand Side Management | 2 000 | 10 000 | 4 057 | - | | | | | |
| Neighbourhood development partnership grant | 18 000 | - | 10 000 | 20 000 | 31 072 | 31 072 | 34 538 | 30 358 | 45 235 |
| Dept Environmental Affairs | | 7 500 | | | | | | | |
| Other grant providers: | - | - | 2 797 | - | - | - | - | - | - |
| NATIONAL LOTTERY | | | 2 797 | | | | | | |
| Total Capital Transfers and Grants | 295 517 | 586 404 | 576 847 | 466 288 | 470 854 | 470 854 | 469 386 | 514 223 | 560 231 |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | 708 322 | 1 144 662 | 1 124 403 | 1 145 148 | 1 149 714 | 1 149 714 | 1 278 767 | 1 392 906 | 1 513 600 |

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and

- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 40 MBRR Table A7 - Budget cash flow statement

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|------------------|------------------|------------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Property rates, penalties & collection charges | | | | 299 230 | 223 869 | 223 869 | 223 869 | 249 000 | 327 286 | 346 923 |
| Service charges | | | | 1 018 862 | 983 729 | 983 729 | 983 729 | 1 117 209 | 1 287 081 | 1 396 991 |
| Other revenue | 1 389 637 | 1 288 539 | 1 200 642 | 116 710 | 116 711 | 116 711 | 116 711 | 113 553 | 115 693 | 120 807 |
| Government - operating | 501 275 | 516 199 | 547 555 | 679 560 | 522 860 | 522 860 | 522 860 | 830 078 | 900 621 | 976 624 |
| Government - capital | 187 077 | 350 188 | 555 235 | 465 588 | 432 711 | 432 711 | 432 711 | 448 689 | 492 285 | 536 976 |
| Interest | 23 017 | 30 547 | 35 721 | 58 404 | 58 404 | 58 404 | 58 404 | 25 333 | 42 966 | 42 947 |
| Dividends | | | | | | | | - | - | - |
| Payments | | | | | | | | | | |
| Suppliers and employees | (1 695 283) | (1 560 296) | (1 838 794) | (1 901 932) | (1 806 835) | (1 806 835) | (1 806 835) | (1 927 232) | (2 080 626) | (2 236 845) |
| Finance charges | (29 594) | (37 154) | (38 371) | (37 000) | (37 000) | (37 000) | (37 000) | (36 100) | (83 600) | (83 600) |
| Transfers and Grants | | (6 760) | (6 740) | (6 480) | (17 180) | (17 180) | (17 180) | (11 500) | (2 500) | (2 500) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 376 128 | 581 264 | 455 248 | 692 942 | 477 270 | 477 270 | 477 270 | 809 029 | 999 205 | 1 098 323 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Proceeds on disposal of PPE | 11 442 | (76) | | 21 140 | 21 140 | 21 140 | 21 140 | 2 000 | 2 000 | 2 000 |
| Decrease (Increase) in non-current debtors | (235) | 405 | | 400 | 400 | 400 | 400 | 400 | 400 | 400 |
| Decrease (increase) other non-current receivables | | | | | | | | - | - | - |
| Decrease (increase) in non-current investments | 3 808 | 110 000 | 9 957 | | | | | - | - | - |
| Payments | | | | | | | | | | |
| Capital assets | (337 434) | (469 802) | (506 202) | (580 121) | (622 798) | (622 798) | (622 798) | (785 043) | (874 286) | (873 975) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (322 418) | (359 473) | (496 245) | (558 581) | (601 258) | (601 258) | (601 258) | (782 643) | (871 886) | (871 575) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Short term loans | | | | | | | | - | - | - |
| Borrowing long term/refinancing | 21 171 | 73 237 | | | | | | 235 000 | 134 000 | 71 000 |
| Increase (decrease) in consumer deposits | 1 716 | 1 862 | 1 962 | 2 000 | 2 000 | 2 000 | 2 000 | 2 000 | 2 000 | 2 000 |
| Payments | | | | | | | | | | |
| Repayment of borrowing | (35 808) | (36 394) | (58 598) | (58 100) | (58 100) | (58 100) | (58 100) | (75 000) | (90 000) | (150 000) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (12 921) | 38 706 | (56 636) | (56 100) | (56 100) | (56 100) | (56 100) | 162 000 | 46 000 | (77 000) |
| NET INCREASE/ (DECREASE) IN CASH HELD | 40 788 | 260 497 | (97 633) | 78 261 | (180 088) | (180 088) | (180 088) | 188 386 | 173 319 | 149 748 |
| Cash/cash equivalents at the year begin: | 11 274 | 52 062 | 422 558 | 236 990 | 322 963 | 322 963 | 322 963 | 85 000 | 273 386 | 446 705 |
| Cash/cash equivalents at the year end: | 52 062 | 312 558 | 324 925 | 315 252 | 142 875 | 142 875 | 142 875 | 273 386 | 446 705 | 596 453 |

For the 2016/17 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to improve to R273.3 million positive by 2016/17 and increasing to R596.4 million by 2018/19.

2.6.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the draft annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 41 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | |
| <u>Cash and investments available</u> | | | | | | | | | | |
| Cash/cash equivalents at the year end | 52 062 | 312 558 | 324 925 | 315 252 | 142 875 | 142 875 | 142 875 | 273 386 | 446 705 | 596 453 |
| Other current investments > 90 days | 220 000 | 110 000 | (1 962) | 99 748 | 22 125 | 22 125 | 22 125 | - | - | - |
| Non current assets - Investments | 59 000 | 59 000 | 59 001 | 59 000 | 59 000 | 59 000 | 59 000 | 59 001 | 59 001 | 59 001 |
| Cash and investments available: | 331 061 | 481 558 | 381 964 | 474 000 | 224 000 | 224 000 | 224 000 | 332 387 | 505 706 | 655 454 |
| <u>Application of cash and investments</u> | | | | | | | | | | |
| Unspent conditional transfers | 194 553 | 274 579 | 195 135 | 330 000 | 17 500 | 17 500 | 17 500 | 45 000 | 45 000 | 45 000 |
| Unspent borrowing | - | - | - | - | - | - | - | - | - | - |
| Statutory requirements | | | | | | | | | | |
| Other working capital requirements | (192 949) | (77 608) | 11 941 | 30 704 | 365 461 | 365 461 | 365 461 | 281 259 | 372 435 | 472 180 |
| Other provisions | | | | | | | | | | |
| Long term investments committed | - | - | - | - | - | - | - | - | - | - |
| Reserves to be backed by cash/investments | | | | | | | | | | |
| Total Application of cash and investments: | 1 604 | 196 971 | 207 076 | 360 704 | 382 961 | 382 961 | 382 961 | 326 259 | 417 435 | 517 180 |
| Surplus(shortfall) | 329 457 | 284 587 | 174 888 | 113 296 | (158 961) | (158 961) | (158 961) | 6 128 | 88 271 | 138 274 |

2.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the draft annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 42 MBRR SA10 – Funding compliance measurement

| Description | MFMA section | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|--------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Funding measures | | | | | | | | | | | |
| Cash/cash equivalents at the year end - R'000 | 18(1)b | 52 062 | 312 558 | 324 925 | 315 252 | 142 875 | 142 875 | 142 875 | 273 386 | 446 705 | 596 453 |
| Cash + investments at the yr end less applications - R'000 | 18(1)b | 329 457 | 284 587 | 174 888 | 113 296 | (158 961) | (158 961) | (158 961) | 6 128 | 88 271 | 138 274 |
| Cash year end/monthly employee/supplier payments | 18(1)b | 0,5 | 2,5 | 2,4 | 2,2 | 1,0 | 1,0 | 1,0 | 1,8 | 2,7 | 3,5 |
| Surplus/(Deficit) excluding depreciation offsets: R'000 | 18(1) | 44 016 | 25 121 | (103 519) | 582 191 | 627 500 | 627 500 | 627 500 | 690 646 | 735 376 | 830 332 |
| Service charge rev % change - macro CPIX target exclusive | 18(1)a,(2) | N.A. | (2,7%) | (3,8%) | 14,9% | (7,2%) | (6,0%) | (6,0%) | 2,2% | 2,0% | 2,0% |
| Cash receipts % of Ratepayer & Other revenue | 18(1)a,(2) | 111,4% | 95,0% | 88,0% | 86,2% | 76,4% | 76,4% | 76,4% | 86,2% | 92,6% | 92,7% |
| Debt impairment expense as a % of total billable revenue | 18(1)a,(2) | 4,5% | 16,2% | 10,5% | 3,3% | 3,4% | 3,4% | 3,4% | 3,1% | 3,7% | 3,6% |
| Capital payments % of capital expenditure | 18(1)c;19 | 100,0% | 100,0% | 83,1% | 100,0% | 99,4% | 99,4% | 99,4% | 84,8% | 101,2% | 101,4% |
| Borrowing receipts % of capital expenditure (excl. transfers) | 18(1)c | 18,8% | 63,1% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 51,0% | 36,0% | 21,8% |
| Grants % of Govt. legislated/gazetted allocations | 18(1)a | | | | | | | | 0,0% | 0,0% | 0,0% |
| Current consumer debtors % change - incr(decr) | 18(1)a | N.A. | (1,2%) | (4,0%) | 1,7% | (57,7%) | 0,0% | 0,0% | (8,5%) | 0,0% | 0,0% |
| Long term receivables % change - incr(decr) | 18(1)a | N.A. | 4,4% | (95,4%) | 1388,8% | 0,0% | 0,0% | 0,0% | (93,3%) | 0,0% | 0,0% |
| R&M % of Property Plant & Equipment | 20(1)(vi) | 2,6% | 2,0% | 1,9% | 2,3% | 2,6% | 2,4% | 1,5% | 1,4% | 1,3% | 1,3% |
| Asset renewal % of capital budget | 20(1)(vi) | 20,2% | 24,0% | 5,9% | 26,5% | 21,7% | 21,7% | 0,0% | 21,1% | 25,6% | 27,6% |

2.6.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2016/17

MTREF shows R273.3million, R446.7million and R596.4million positive for each respective financial year.

2.6.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 23. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.4.3 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2016/17 MTREF the indicative outcome is a surplus of R690.6 million, R735.3million and R830.3million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.4.4 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 0, 0 and 0 per cent for the respective financial year of the 2016/17 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 10 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.4.5 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach,

also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.4.6 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 3.3, 3.1 and 2.9 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.4.7 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 0 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.4.8 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

2.6.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.4.10 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

2.6.4.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term

because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 58 MBRR SA34C.

2.6.4.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 57 MBRR SA34b.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 43 MBRR SA19 - Expenditure on transfers and grant programmes

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| EXPENDITURE: | | | | | | | | | |
| <u>Operating expenditure of Transfers and Grants</u> | | | | | | | | | |
| National Government: | 396 805 | 480 836 | 547 555 | 678 860 | 678 860 | 678 860 | 809 381 | 878 683 | 953 369 |
| Local Government Equitable Share | 388 232 | 415 990 | 455 799 | 522 595 | 522 595 | 522 595 | 675 714 | 757 286 | 830 052 |
| Finance Management | 1 500 | 1 650 | 1 800 | 1 875 | 1 875 | 1 875 | 2 619 | 2 979 | 3 234 |
| Department of Water Affairs | 3 273 | | | | | | | | |
| Municipal Systems Improvement | 800 | 890 | 930 | 930 | 930 | 930 | - | - | - |
| Public Transport | | - | 6 093 | 11 000 | 11 000 | 11 000 | 19 451 | 20 613 | 22 056 |
| Department Sport & Recreation | | | | | | | | | |
| CHAN Host City Operating Grant | | 30 000 | - | | | | | | |
| Infrastructure skills development fund | 3 000 | 3 200 | 3 000 | 5 000 | 5 000 | 5 000 | 6 000 | 6 213 | 6 500 |
| Expanded public works programme incentive grant | | 4 614 | - | | | | | | |
| FIFA Local Organizing Committee | | | | | | | | | |
| Integrated national electrification programme grant | | 5 188 | 31 000 | 40 000 | 40 000 | 40 000 | 45 000 | 40 000 | 40 000 |
| Expanded public works programme incentive grant | | | | | | | | | |
| Municipal Infrastructure (MIG) | | 19 304 | 44 973 | 42 800 | 42 800 | 42 800 | 45 671 | 48 548 | 51 527 |
| Expanded public works programme incentive grant | | | 3 960 | 2 660 | 2 660 | 2 660 | 5 975 | | |
| | | | | 52 000 | 52 000 | 52 000 | | | |
| Municipal Demarcation | | | | | | | 8 952 | 3 044 | |
| Total operating expenditure of Transfers and Grants: | 396 805 | 480 836 | 547 555 | 678 860 | 678 860 | 678 860 | 809 381 | 878 683 | 953 369 |
| <u>Capital expenditure of Transfers and Grants</u> | | | | | | | | | |
| National Government: | 295 517 | 586 404 | 574 050 | 466 288 | 470 854 | 470 854 | 469 386 | 514 223 | 560 231 |
| Municipal Infrastructure (MIG) | 221 514 | 337 109 | 262 336 | 271 243 | 236 569 | 236 569 | 254 272 | 303 475 | 322 002 |
| Public Transport | 48 703 | 221 795 | 277 656 | 173 189 | 201 357 | 201 357 | 180 575 | 180 390 | 192 994 |
| Sport and Recreation | | | - | | | | | | |
| Water Affairs | | 10 000 | 20 000 | - | | | | | |
| Integrated national electrification programme grant | | - | - | - | | | | | |
| Expanded public works programme incentive grant | 5 300 | | - | 1 856 | 1 856 | 1 856 | | | |
| Electricity Demand Side Management | 2 000 | 10 000 | 4 057 | - | | | | | |
| Neighbourhood development partnership grant | 18 000 | - | 10 000 | 20 000 | 31 072 | 31 072 | 34 538 | 30 358 | 45 235 |
| Dept Environmental Affairs | | 7 500 | | | | | | | |
| Other grant providers: | - | - | 2 797 | - | - | - | - | - | - |
| NATIONAL LOTTERY | | | 2 797 | | | | | | |
| Total capital expenditure of Transfers and Grants | 295 517 | 586 404 | 576 847 | 466 288 | 470 854 | 470 854 | 469 386 | 514 223 | 560 231 |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | 692 322 | 1 067 240 | 1 124 403 | 1 145 148 | 1 149 714 | 1 149 714 | 1 278 767 | 1 392 906 | 1 513 600 |

Table 44 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Operating transfers and grants: | | | | | | | | | |
| National Government: | | | | | | | | | |
| Balance unspent at beginning of the year | 1 604 | 1 604 | 1 604 | | | | | | |
| Current year receipts | 397 176 | 478 178 | 526 244 | 586 860 | 626 860 | 626 860 | 830 078 | 900 621 | 976 624 |
| Conditions met - transferred to revenue | 397 176 | 478 178 | 526 244 | 586 860 | 626 860 | 626 860 | 830 078 | 900 621 | 976 624 |
| Conditions still to be met - transferred to liabilities | 1 604 | 1 604 | 1 604 | | | | | | |
| Provincial Government: | | | | | | | | | |
| Balance unspent at beginning of the year | 333 | 721 | | | | | | | |
| Current year receipts | 2 016 | 15 | | | | | | | |
| Conditions met - transferred to revenue | - | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | 2 350 | 736 | | | | | | | |
| District Municipality: | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | |
| Current year receipts | | | | | | | | | |
| Conditions met - transferred to revenue | - | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | | | | | | | | |
| Other grant providers: | | | | | | | | | |
| Balance unspent at beginning of the year | 25 000 | 6 153 | | | | | | | |
| Current year receipts | 15 000 | | | | 52 000 | 52 000 | | | |
| Conditions met - transferred to revenue | - | - | - | - | 52 000 | 52 000 | - | - | - |
| Conditions still to be met - transferred to liabilities | 40 000 | 6 153 | | | | | | | |
| Total operating transfers and grants revenue | 397 176 | 478 178 | 526 244 | 586 860 | 678 860 | 678 860 | 830 078 | 900 621 | 976 624 |
| Total operating transfers and grants - CTBM | 43 953 | 8 493 | 1 604 | - | - | - | - | - | - |
| Capital transfers and grants: | | | | | | | | | |
| National Government: | | | | | | | | | |
| Balance unspent at beginning of the year | - | 183 481 | | | | | | | |
| Current year receipts | 225 076 | 353 771 | 555 235 | 447 545 | 464 921 | 464 921 | 464 689 | 492 285 | 536 976 |
| Conditions met - transferred to revenue | 225 076 | 353 771 | 555 235 | 447 545 | 464 921 | 464 921 | 464 689 | 492 285 | 536 976 |
| Conditions still to be met - transferred to liabilities | - | 183 481 | | | | | | | |
| Provincial Government: | | | | | | | | | |
| Balance unspent at beginning of the year | 2 950 | 2 950 | 2 950 | | | | | | |
| Current year receipts | | | | | | | | | |
| Conditions met - transferred to revenue | - | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | 2 950 | 2 950 | 2 950 | | | | | | |
| District Municipality: | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | |
| Current year receipts | | | | | | | | | |
| Conditions met - transferred to revenue | - | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | | | | | | | | |
| Other grant providers: | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | |
| Current year receipts | 1 506 | | | | | | | | |
| Conditions met - transferred to revenue | - | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | 1 506 | | | | | | | | |
| Total capital transfers and grants revenue | 225 076 | 353 771 | 555 235 | 447 545 | 464 921 | 464 921 | 464 689 | 492 285 | 536 976 |
| Total capital transfers and grants - CTBM | 4 456 | 186 431 | 2 950 | - | - | - | - | - | - |
| TOTAL TRANSFERS AND GRANTS REVENUE | 622 252 | 831 950 | 1 081 479 | 1 034 405 | 1 143 781 | 1 143 781 | 1 294 767 | 1 392 906 | 1 513 600 |
| TOTAL TRANSFERS AND GRANTS - CTBM | 48 409 | 194 924 | 4 554 | - | - | - | - | - | - |

2.8 Councillor and employee benefits

Table 45 MBRR SA22 - Summary of councillor and staff benefits

| Summary of Employee and Councillor remuneration | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| | A | B | C | D | E | F | G | H | I |
| <u>Councillors (Political Office Bearers plus Other)</u> | | | | | | | | | |
| Basic Salaries and Wages | 13 057 | 14 408 | 17 441 | 14 959 | 14 959 | 14 959 | 20 716 | 21 959 | 23 277 |
| Pension and UIF Contributions | 1 969 | 1 802 | 1 910 | 2 244 | 2 244 | 2 244 | 3 073 | 3 258 | 3 453 |
| Medical Aid Contributions | 1 261 | 1 181 | 1 252 | 444 | 444 | 444 | 638 | 676 | 717 |
| Motor Vehicle Allowance | 3 264 | 3 551 | 3 764 | 5 882 | 5 882 | 5 882 | 8 413 | 8 918 | 9 453 |
| Cellphone Allowance | 883 | 980 | 1 039 | 1 607 | 1 607 | 1 607 | 2 111 | 2 238 | 2 372 |
| Housing Allowances | — | — | — | — | — | — | — | — | — |
| Other benefits and allowances | — | — | — | 274 | 274 | 274 | 375 | 397 | 421 |
| Sub Total - Councillors | 20 435 | 21 922 | 25 406 | 25 410 | 25 410 | 25 410 | 35 326 | 37 446 | 39 693 |
| % increase | | 7,3% | 15,9% | 0,0% | — | — | 39,0% | 6,0% | 6,0% |
| <u>Senior Managers of the Municipality</u> | | | | | | | | | |
| Basic Salaries and Wages | 4 969 | 5 563 | 5 897 | 8 114 | 8 114 | 8 114 | 9 557 | 10 131 | 10 738 |
| Pension and UIF Contributions | 862 | 775 | 822 | 1 057 | 1 057 | 1 057 | 1 121 | 1 188 | 1 259 |
| Medical Aid Contributions | 126 | 147 | 156 | 189 | 189 | 189 | 201 | 213 | 225 |
| Overtime | — | — | — | 17 441 | — | — | — | — | — |
| Performance Bonus | — | — | — | — | — | — | — | — | — |
| Motor Vehicle Allowance | 1 175 | 1 034 | 1 096 | 1 260 | 1 260 | 1 260 | 1 336 | 1 416 | 1 501 |
| Cellphone Allowance | — | — | — | — | — | — | — | — | — |
| Housing Allowances | 11 | — | — | — | — | — | — | — | — |
| Other benefits and allowances | — | — | — | 390 | 390 | 390 | 414 | 438 | 465 |
| Payments in lieu of leave | — | — | — | — | — | — | — | — | — |
| Long service awards | — | — | — | — | — | — | — | — | — |
| Post-retirement benefit obligations | — | — | — | — | — | — | — | — | — |
| Sub Total - Senior Managers of Municipality | 7 142 | 7 519 | 7 970 | 28 451 | 11 011 | 11 011 | 12 627 | 13 385 | 14 188 |
| % increase | | 5,3% | 6,0% | 257,0% | (61,3%) | — | 14,7% | 6,0% | 6,0% |
| <u>Other Municipal Staff</u> | | | | | | | | | |
| Basic Salaries and Wages | 223 244 | 258 376 | 297 989 | 343 104 | 360 037 | 360 037 | 420 423 | 444 517 | 478 045 |
| Pension and UIF Contributions | 45 377 | 50 045 | 53 048 | 75 765 | 75 765 | 75 765 | 80 311 | 85 130 | 90 238 |
| Medical Aid Contributions | 16 994 | 18 581 | 19 696 | 16 018 | 16 018 | 16 018 | 16 979 | 17 997 | 19 077 |
| Overtime | 34 238 | 38 580 | 40 894 | 31 582 | 31 582 | 31 582 | 33 477 | 35 486 | 37 615 |
| Performance Bonus | — | — | — | — | — | — | — | — | — |
| Motor Vehicle Allowance | 28 681 | 31 732 | 33 636 | 34 104 | 34 104 | 34 104 | 36 150 | 38 319 | 40 618 |
| Cellphone Allowance | — | — | — | — | — | — | — | — | — |
| Housing Allowances | 3 810 | 2 503 | 2 653 | 3 794 | 3 794 | 3 794 | 4 022 | 4 263 | 4 519 |
| Other benefits and allowances | 26 606 | 28 650 | 30 369 | 31 553 | 31 533 | 31 533 | 33 425 | 35 431 | 37 557 |
| Payments in lieu of leave | — | — | — | — | — | — | — | — | — |
| Long service awards | — | — | — | — | — | — | — | — | — |
| Post-retirement benefit obligations | — | — | — | — | — | — | — | — | — |
| Sub Total - Other Municipal Staff | 378 950 | 428 467 | 478 285 | 535 921 | 552 834 | 552 834 | 624 787 | 661 143 | 707 668 |
| % increase | | 13,1% | 11,6% | 12,1% | 3,2% | — | 13,0% | 5,8% | 7,0% |
| Total Parent Municipality | 406 527 | 457 908 | 511 661 | 589 782 | 589 254 | 589 254 | 672 740 | 711 974 | 761 549 |
| | | 12,6% | 11,7% | 15,3% | (0,1%) | — | 14,2% | 5,8% | 7,0% |
| <u>Board Members of Entities</u> | | | | | | | | | |
| Basic Salaries and Wages | 1 026 | 1 016 | 1 126 | 1 189 | 1 409 | 1 409 | 1 596 | 1 676 | 1 760 |
| Pension and UIF Contributions | 115 | 81 | 98 | 232 | 305 | 305 | 292 | 307 | 322 |
| Sub Total - Board Members of Entities | 1 141 | 1 097 | 1 224 | 1 422 | 1 714 | 1 714 | 1 888 | 1 983 | 2 082 |
| % increase | | (3,8%) | 11,6% | 16,1% | 20,6% | — | 10,1% | 5,0% | 5,0% |
| <u>Senior Managers of Entities</u> | | | | | | | | | |
| Basic Salaries and Wages | 750 | 799 | 914 | 931 | 931 | 931 | 1 015 | 1 076 | 1 140 |
| Sub Total - Senior Managers of Entities | 750 | 799 | 914 | 931 | 931 | 931 | 1 015 | 1 076 | 1 140 |
| % increase | | 6,6% | 14,4% | 1,9% | — | — | 9,0% | 6,0% | 6,0% |
| <u>Other Staff of Entities</u> | | | | | | | | | |
| Basic Salaries and Wages | 2 207 | 2 367 | 3 572 | 4 407 | 4 493 | 4 493 | 4 804 | 6 242 | 6 616 |
| Pension and UIF Contributions | 158 | 158 | 186 | 251 | 257 | 257 | 301 | 319 | 338 |
| Medical Aid Contributions | 126 | 191 | 203 | 375 | 402 | 402 | 375 | 397 | 421 |
| Overtime | — | — | — | 40 | 50 | 50 | 40 | 42 | 45 |
| Housing Allowances | 90 | 90 | 90 | 108 | 110 | 110 | 108 | 114 | 121 |
| Sub Total - Other Staff of Entities | 2 580 | 2 806 | 4 051 | 5 181 | 5 311 | 5 311 | 5 627 | 7 115 | 7 542 |
| % increase | | 8,7% | 44,4% | 27,9% | 2,5% | — | 6,0% | 26,4% | 6,0% |
| Total Municipal Entities | 4 471 | 4 702 | 6 190 | 7 534 | 7 957 | 7 957 | 8 531 | 10 173 | 10 764 |
| TOTAL SALARY, ALLOWANCES & BENEFITS | 410 998 | 462 611 | 517 851 | 597 315 | 597 211 | 597 211 | 681 271 | 722 147 | 772 313 |
| % increase | | 12,6% | 11,9% | 15,3% | (0,0%) | — | 14,1% | 6,0% | 6,9% |
| TOTAL MANAGERS AND STAFF | 389 422 | 439 591 | 491 221 | 570 484 | 570 087 | 570 087 | 644 056 | 682 719 | 730 539 |

Table 46 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

| Disclosure of Salaries, Allowances & Benefits 1. | No. | Salary | Contributions | Allowances | Performance Bonuses | In-kind benefits | Total Package |
|--|----------|-------------------|------------------|-------------------|---------------------|------------------|-------------------|
| Rand per annum | | | 1. | | | | 2. |
| <u>Councillors</u> | | | | | | | |
| Speaker | | 486 657 | 102 459 | 222 307 | | | 811 423 |
| Chief Whip | | 467 447 | 83 295 | 211 592 | | | 762 334 |
| Executive Mayor | | 640 342 | 96 051 | 293 609 | | | 1 030 002 |
| Deputy Executive Mayor | | – | – | – | | | – |
| Executive Committee | | 3 443 090 | 685 284 | 1 601 742 | | | 5 730 115 |
| Total for all other councillors | | 15 678 950 | 3 472 248 | 7 841 251 | | | 26 992 449 |
| Total Councillors | – | 20 716 486 | 4 439 336 | 10 170 501 | | | 35 326 323 |
| <u>Senior Managers of the Municipality</u> | | | | | | | |
| Municipal Manager (MM) | | 1 290 338 | 431 031 | 178 080 | | | 1 899 449 |
| Chief Finance Officer | | 1 665 083 | 1 973 | 127 200 | | | 1 794 256 |
| Director Engineering Services | | 849 710 | 305 663 | 254 400 | | | 1 409 772 |
| Director Community Services | | 736 583 | 288 457 | 228 960 | | | 1 254 000 |
| Director Corporate & Shared Services | | 1 099 387 | 1 973 | 152 640 | | | 1 254 000 |
| Director Planning & Economic Development | | 799 734 | 288 906 | 165 360 | | | 1 254 000 |
| <i>List of each official with packages >= senior manager</i> | | | | | | | |
| Director Community Development | | 1 252 027 | 1 973 | – | | | 1 254 000 |
| Director Strategic Planning Monitoring & Evaluation | | 895 336 | 307 784 | 50 880 | | | 1 254 000 |
| Director Transport Operations | | 799 720 | 276 200 | 178 080 | | | 1 254 000 |
| Total Senior Managers of the Municipality | – | 9 387 920 | 1 903 958 | 1 335 600 | – | | 12 627 478 |
| <u>A Heading for Each Entity</u> | | | | | | | |
| List each member of board by designation | | | | | | | |
| Director - Board Chairperson | | 381 125 | | 45 241 | | | 426 366 |
| Director | | 175 939 | | 14 521 | | | 190 460 |
| Director | | 175 939 | | 46 640 | | | 222 579 |
| Director | | 175 939 | | 46 640 | | | 222 579 |
| Director | | 175 939 | | 46 640 | | | 222 579 |
| Director | | 175 939 | | 46 640 | | | 222 579 |
| Total for municipal entities | – | 1 260 819 | – | 246 322 | – | | 1 507 141 |
| TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION | – | 31 365 225 | 6 343 294 | 11 752 423 | – | | 49 460 942 |

Table 47 MBRR SA24 – Summary of personnel numbers

| Summary of Personnel Numbers | 2014/15 | | | Current Year 2015/16 | | | Budget Year 2016/17 | | |
|---|--------------|---------------------|--------------------|----------------------|---------------------|--------------------|---------------------|---------------------|--------------------|
| Number | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees |
| Municipal Council and Boards of Municipal Entities | | | | | | | | | |
| Councillors (Political Office Bearers plus Other Councillors) | 77 | | 77 | 80 | | 80 | 80 | | 80 |
| Board Members of municipal entities | 6 | | 6 | | | | | | |
| Municipal employees | | | | | | | | | |
| Municipal Manager and Senior Managers | 9 | | 9 | 9 | | 9 | 9 | – | 5 |
| Other Managers | 117 | 116 | 1 | 87 | 83 | 4 | 123 | 102 | 1 |
| Professionals | 373 | 65 | 10 | 179 | 179 | – | 172 | 151 | – |
| <i>Finance</i> | 2 | 2 | 5 | 16 | 16 | | 6 | 4 | |
| <i>Spatial/town planning</i> | 18 | 10 | | 17 | 17 | | 11 | 6 | |
| <i>Information Technology</i> | 32 | 21 | | 11 | 11 | | 21 | 14 | |
| <i>Roads</i> | 25 | 6 | | 5 | 5 | | 12 | 11 | |
| <i>Electricity</i> | 12 | 3 | | 9 | 9 | | 6 | 5 | |
| <i>Water</i> | 8 | 5 | | 8 | 8 | | 3 | 2 | |
| <i>Sanitation</i> | 13 | 12 | | | | | | | |
| <i>Refuse</i> | 7 | 5 | | 3 | 3 | | 3 | 3 | |
| <i>Other</i> | 256 | 1 | 5 | 110 | 110 | | 110 | 106 | |
| Technicians | 674 | 116 | 3 | 461 | 461 | – | 464 | 456 | – |
| <i>Finance</i> | 18 | 8 | | 80 | 80 | | 80 | 80 | |
| <i>Spatial/town planning</i> | 26 | 15 | | 3 | 3 | | 3 | 2 | |
| <i>Information Technology</i> | 19 | 3 | | 8 | 8 | | 8 | 6 | |
| <i>Roads</i> | 8 | 4 | | 25 | 25 | | 25 | 23 | |
| <i>Electricity</i> | 38 | 21 | | 50 | 50 | | 50 | 50 | |
| <i>Water</i> | 40 | 18 | | 23 | 23 | | 23 | 23 | |
| <i>Sanitation</i> | 18 | 12 | | | | | | | |
| <i>Refuse</i> | 45 | 23 | | 29 | 29 | | 29 | 29 | |
| <i>Other</i> | 462 | 12 | 3 | 243 | 243 | | 246 | 243 | |
| Clerks (Clerical and administrative) | 560 | 371 | 10 | 7 | 7 | | 7 | 7 | |
| Service and sales workers | 225 | 200 | | 39 | 39 | | 39 | 39 | |
| Skilled agricultural and fishery workers | | | | 1 | 1 | | 1 | 1 | |
| Craft and related trades | 100 | 83 | | 15 | 15 | | 15 | 15 | |
| Plant and Machine Operators | 566 | 217 | | 66 | 66 | | 66 | 64 | |
| Elementary Occupations | 1 160 | 634 | | 457 | 457 | 120 | 457 | 439 | 110 |
| TOTAL PERSONNEL NUMBERS | 3 867 | 1 802 | 116 | 1 401 | 1 308 | 213 | 1 433 | 1 274 | 196 |
| % increase | | | | (63,8%) | (27,4%) | 83,6% | 2,3% | (2,6%) | (8,0%) |
| Total municipal employees headcount | 3 849 | 1 802 | 118 | 3 019 | 1 396 | 120 | 3 022 | 1 716 | 110 |
| Finance personnel headcount | 215 | 123 | 5 | 177 | 124 | 2 | 177 | 128 | 1 |
| Human Resources personnel headcount | 45 | 29 | 3 | 53 | 33 | | 53 | 33 | |

2.9 Monthly targets for revenue, expenditure and cash flow

Table 48 MBRR SA25 - Budgeted monthly revenue and expenditure

| Description | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|---------------------|----------------|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|-----------------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | | | | | | |
| Revenue By Source | | | | | | | | | | | | | | | |
| Property rates | 25 200 | 22 125 | 28 270 | 30 200 | 30 200 | 28 270 | 29 200 | 30 200 | 28 270 | 24 500 | 22 270 | 33 295 | 332 000 | 351 920 | 373 035 |
| Property rates - penalties & collection charges | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - electricity revenue | 74 723 | 71 256 | 66 444 | 74 723 | 65 410 | 71 256 | 65 410 | 74 585 | 65 410 | 87 256 | 62 563 | 93 836 | 872 876 | 954 926 | 1 044 689 |
| Service charges - water revenue | 23 525 | 21 555 | 22 225 | 20 125 | 24 425 | 23 525 | 25 555 | 23 525 | 26 785 | 20 525 | 19 025 | 23 736 | 274 535 | 291 007 | 308 467 |
| Service charges - sanitation revenue | 5 025 | 5 025 | 5 025 | 5 025 | 5 025 | 5 025 | 5 025 | 5 025 | 5 025 | 5 025 | 5 025 | 5 579 | 60 858 | 66 944 | 73 639 |
| Service charges - refuse revenue | 5 226 | 5 746 | 6 584 | 5 746 | 3 336 | 5 746 | 4 746 | 5 746 | 2 222 | 4 746 | 4 446 | 12 764 | 67 058 | 71 081 | 75 346 |
| Service charges - other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | 1 577 | 893 | 1 577 | 667 | 1 473 | 621 | 756 | 1 083 | 1 621 | 1 443 | 969 | 821 | 13 500 | 14 000 | 14 600 |
| Interest earned - external investments | 2 751 | 1 218 | 2 751 | 2 222 | 2 751 | 2 051 | 1 751 | 1 611 | 2 751 | 1 218 | 1 521 | 2 501 | 25 100 | 27 300 | 28 600 |
| Interest earned - outstanding debtors | 150 | 142 | 89 | 162 | 122 | 152 | 122 | 87 | 122 | 68 | 190 | 733 | 2 140 | 18 900 | 17 580 |
| Dividends received | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fines | 1 218 | 895 | 1 333 | 1 228 | 1 218 | 590 | 997 | 1 000 | 1 218 | 858 | 1 010 | 434 | 12 000 | 12 300 | 13 000 |
| Licences and permits | 849 | 849 | 849 | 849 | 849 | 849 | 849 | 849 | 849 | 779 | 849 | 3 228 | 12 500 | 11 000 | 12 400 |
| Agency services | 1 473 | 1 473 | 1 473 | 1 473 | 1 473 | 1 473 | 1 473 | 1 473 | 1 473 | 1 073 | 1 473 | 2 999 | 18 800 | 19 500 | 20 100 |
| Transfers recognised - operational | 240 000 | 100 965 | - | - | 45 000 | - | 64 000 | - | 100 000 | - | 40 000 | 240 113 | 830 078 | 900 621 | 976 624 |
| Other revenue | 5 261 | 5 261 | 2 841 | 1 588 | 3 841 | 5 261 | 4 336 | 5 841 | 6 641 | 5 261 | 2 841 | 2 325 | 51 300 | 57 600 | 57 800 |
| Gains on disposal of PPE | - | - | - | - | - | - | - | - | 2 100 | - | - | - | 2 100 | 625 | 550 |
| Total Revenue (excluding capital transfers and | 386 980 | 237 405 | 139 462 | 144 011 | 185 125 | 144 820 | 204 222 | 151 028 | 244 489 | 152 755 | 162 183 | 422 364 | 2 574 844 | 2 797 724 | 3 016 430 |
| Expenditure By Type | | | | | | | | | | | | | | | |
| Employee related costs | 40 723 | 50 723 | 39 723 | 50 723 | 50 723 | 50 723 | 50 723 | 45 723 | 50 723 | 50 723 | 44 447 | 119 311 | 644 989 | 683 688 | 731 546 |
| Remuneration of councillors | 2 288 | 2 288 | 2 088 | 2 288 | 2 288 | 2 288 | 2 288 | 2 288 | 2 288 | 2 288 | 2 288 | 10 359 | 35 326 | 37 446 | 39 693 |
| Debt impairment | 4 438 | 4 438 | 4 438 | 4 438 | 4 438 | 4 438 | 4 438 | 4 438 | 4 438 | 4 438 | 4 438 | 1 188 | 50 000 | 65 000 | 67 000 |
| Depreciation & asset impairment | 15 417 | 15 417 | 10 417 | 15 417 | 15 417 | 15 417 | 15 417 | 13 445 | 15 417 | 12 227 | 15 417 | 25 579 | 185 000 | 209 000 | 211 000 |
| Finance charges | - | - | - | - | - | 17 012 | - | - | - | - | - | 20 988 | 38 000 | 88 000 | 88 000 |
| Bulk purchases | 52 676 | 58 174 | 54 535 | 38 840 | 69 335 | 48 178 | 71 177 | 53 136 | 94 243 | 48 207 | 56 214 | 194 921 | 839 635 | 919 148 | 1 006 192 |
| Other materials | 10 897 | 9 520 | 6 250 | 6 200 | 7 041 | 11 041 | 10 041 | 11 041 | 7 041 | 8 200 | 10 041 | 16 474 | 113 787 | 120 615 | 127 852 |
| Contracted services | 4 546 | 6 548 | 7 228 | 5 245 | 6 584 | 6 548 | 15 228 | 6 585 | 10 041 | 5 041 | 7 041 | 10 663 | 91 298 | 87 607 | 89 162 |
| Transfers and grants | 5 705 | - | - | - | - | 1 875 | - | - | - | - | - | 3 920 | 11 500 | 2 500 | 2 500 |
| Other expenditure | 37 047 | 66 047 | 11 233 | 19 236 | 24 510 | 27 047 | 2 227 | 12 507 | 27 047 | 7 027 | 11 233 | 94 186 | 339 352 | 341 629 | 360 129 |
| Loss on disposal of PPE | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure | 173 736 | 213 155 | 135 911 | 142 386 | 180 336 | 184 566 | 171 538 | 149 162 | 211 238 | 138 150 | 151 119 | 497 590 | 2 348 887 | 2 554 633 | 2 723 074 |
| Surplus/(Deficit) | 213 244 | 24 250 | 3 551 | 1 624 | 4 789 | (39 746) | 32 684 | 1 866 | 33 251 | 14 604 | 11 065 | (75 226) | 225 957 | 243 091 | 293 356 |
| Transfers recognised - capital | 48 520 | - | - | - | - | 154 200 | - | - | 145 200 | - | - | 116 769 | 464 689 | 492 285 | 536 976 |
| Contributions recognised - capital | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Contributed assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 261 764 | 24 250 | 3 551 | 1 624 | 4 789 | 114 454 | 32 684 | 1 866 | 178 451 | 14 604 | 11 065 | 41 543 | 690 646 | 735 376 | 830 332 |
| Taxation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Attributable to minorities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) | 261 764 | 24 250 | 3 551 | 1 624 | 4 789 | 114 454 | 32 684 | 1 866 | 178 451 | 14 604 | 11 065 | 41 543 | 690 646 | 735 376 | 830 332 |

Table 49 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

| Description | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue by Vote | | | | | | | | | | | | | | | |
| Vote 1 - COUNCIL | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - Office of the Municipal Manger | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - Strategic Planning Monitoring and Evaluation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 4 - Engineering Services | 88 558 | 60 650 | 103 313 | 103 313 | 103 313 | 103 313 | 114 716 | 103 313 | 103 313 | 103 313 | 103 313 | 163 291 | 1 253 721 | 1 353 311 | 1 467 254 |
| Vote 5 - Community Services | 10 213 | 3 586 | 10 213 | 10 213 | 10 213 | 10 213 | 10 213 | 10 213 | 10 213 | 10 213 | 10 213 | 15 184 | 120 899 | 125 102 | 132 629 |
| Vote 6 - Community Development | 1 525 | - | 1 525 | - | - | - | - | - | - | - | - | 7 057 | 10 108 | 10 630 | 11 186 |
| Vote 7 - Corporate and Shared Services | 398 | - | - | - | - | 398 | 398 | 398 | 398 | 398 | 398 | 1 965 | 4 748 | 5 033 | 5 335 |
| Vote 8 - Planning and Economic Development | 1 568 | - | - | - | - | 6 807 | - | - | - | - | - | 8 852 | 17 226 | 16 434 | 17 262 |
| Vote 9 - Budget and Treasury | 302 000 | 135 703 | 83 361 | 83 046 | 131 839 | 79 276 | 52 650 | 137 428 | 145 373 | 106 128 | 154 601 | 221 426 | 1 632 830 | 1 779 500 | 1 919 742 |
| Vote 10 - Transport Operations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue by Vote | 404 262 | 199 939 | 198 413 | 196 572 | 245 365 | 200 006 | 177 977 | 251 351 | 259 296 | 220 052 | 268 525 | 417 774 | 3 039 533 | 3 290 009 | 3 553 406 |
| Expenditure by Vote to be appropriated | | | | | | | | | | | | | | | |
| Vote 1 - COUNCIL | 10 144 | 9 564 | 13 702 | 9 224 | 15 554 | 11 144 | 15 262 | 7 898 | 9 224 | 11 144 | 10 101 | 19 365 | 142 324 | 151 587 | 158 358 |
| Vote 2 - Office of the Municipal Manger | 2 147 | 2 147 | 2 147 | 2 147 | 2 147 | 2 147 | 2 147 | 2 147 | 2 147 | 2 147 | 2 147 | 4 608 | 28 223 | 30 101 | 31 171 |
| Vote 3 - Strategic Planning Monitoring and Evaluation | 2 034 | 2 034 | 2 236 | 1 034 | 2 035 | 2 034 | 3 014 | 2 114 | 2 564 | 2 034 | 2 034 | 679 | 23 845 | 25 584 | 27 097 |
| Vote 4 - Engineering Services | 103 103 | 111 186 | 88 841 | 90 379 | 80 400 | 98 152 | 69 420 | 95 386 | 135 539 | 88 610 | 111 586 | 163 750 | 1 236 352 | 1 338 905 | 1 445 868 |
| Vote 5 - Community Services | 25 156 | 21 100 | 25 162 | 25 156 | 22 015 | 25 156 | 23 156 | 25 156 | 21 100 | 26 577 | 25 156 | 20 414 | 285 304 | 298 644 | 316 594 |
| Vote 6 - Community Development | 15 759 | 11 144 | 15 759 | 9 759 | 15 768 | 10 359 | 15 764 | 13 759 | 10 359 | 16 109 | 15 759 | 15 535 | 165 834 | 178 198 | 186 920 |
| Vote 7 - Corporate and Shared Services | 15 459 | 13 395 | 13 459 | 17 159 | 15 759 | 13 459 | 15 695 | 15 059 | 13 459 | 13 459 | 13 459 | 29 010 | 188 829 | 197 593 | 209 783 |
| Vote 8 - Planning and Economic Development | 4 440 | 6 180 | 7 180 | 5 257 | 7 180 | 8 080 | 5 630 | 6 550 | 7 180 | 5 550 | 7 180 | 10 373 | 80 779 | 87 379 | 90 968 |
| Vote 9 - Budget and Treasury | 13 702 | 11 603 | 21 553 | 19 013 | 17 713 | 10 553 | 19 568 | 17 702 | 11 564 | 13 702 | 15 553 | 7 291 | 179 517 | 227 797 | 236 304 |
| Vote 10 - Transport Operations | 1 538 | 1 338 | 1 223 | 838 | 1 000 | 1 538 | 1 538 | 818 | 1 888 | 1 538 | 1 538 | 3 088 | 17 878 | 18 845 | 20 011 |
| Total Expenditure by Vote | 193 481 | 189 690 | 191 261 | 179 965 | 179 570 | 182 621 | 171 194 | 186 587 | 215 024 | 180 869 | 204 512 | 274 112 | 2 348 887 | 2 554 633 | 2 723 074 |
| Surplus/(Deficit) before assoc. | 210 781 | 10 249 | 7 151 | 16 607 | 65 795 | 17 385 | 6 783 | 64 764 | 44 273 | 39 183 | 64 013 | 143 662 | 690 646 | 735 376 | 830 332 |
| Taxation | | | | | | | | | | | | - | - | - | - |
| Attributable to minorities | | | | | | | | | | | | - | - | - | - |
| Share of surplus/ (deficit) of associate | | | | | | | | | | | | - | - | - | - |
| Surplus/(Deficit) | 210 781 | 10 249 | 7 151 | 16 607 | 65 795 | 17 385 | 6 783 | 64 764 | 44 273 | 39 183 | 64 013 | 143 662 | 690 646 | 735 376 | 830 332 |

Table 50 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

| Description | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|---------------------|---------|---------|---------|----------|----------|---------|----------|---------|---------|---------|---------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue - Standard | | | | | | | | | | | | | | | |
| Governance and administration | 259 622 | 92 078 | 101 245 | 98 041 | 136 446 | 101 997 | 80 845 | 109 096 | 118 872 | 142 560 | 142 560 | 254 246 | 1 637 607 | 1 784 563 | 1 925 109 |
| Executive and council | - | - | - | - | - | - | - | - | - | - | - | - | - | 0 | 0 |
| Budget and treasury office | 82 000 | 15 632 | - | 31 256 | - | 46 854 | - | 52 650 | 18 426 | - | - | 115 190 | 362 008 | 401 053 | 422 324 |
| Corporate services | 177 622 | 76 446 | 101 245 | 66 785 | 136 446 | 55 143 | 80 845 | 56 446 | 100 446 | 142 560 | 142 560 | 139 056 | 1 275 599 | 1 383 510 | 1 502 785 |
| Community and public safety | 2 607 | 7 354 | 7 853 | 8 513 | 10 218 | 3 604 | 2 476 | 10 359 | 7 730 | 6 169 | 3 774 | 3 491 | 74 149 | 70 440 | 72 150 |
| Community and social services | 127 | 365 | 164 | 168 | 200 | 146 | 226 | 200 | 146 | 226 | 124 | 239 | 2 332 | 2 452 | 2 585 |
| Sport and recreation | 768 | 857 | 868 | 1 024 | 901 | 768 | 549 | 924 | 768 | 589 | 768 | 96 | 8 879 | 9 345 | 9 837 |
| Public safety | 1 524 | 6 024 | 6 652 | 7 152 | 9 024 | 2 524 | 1 524 | 9 024 | 6 652 | 5 152 | 2 689 | 2 721 | 60 663 | 56 231 | 57 172 |
| Housing | - | - | 4 | - | - | 2 | - | 7 | - | - | 4 | 12 | 28 | 30 | 31 |
| Health | 188 | 109 | 164 | 169 | 94 | 164 | 177 | 206 | 164 | 202 | 188 | 423 | 2 247 | 2 382 | 2 525 |
| Economic and environmental services | 6 468 | 3 294 | 4 422 | 2 904 | 3 620 | 4 711 | 3 173 | 6 268 | 2 199 | 3 909 | 1 938 | 7 386 | 50 293 | 48 805 | 51 631 |
| Planning and development | 5 424 | 2 250 | 3 250 | 2 015 | 3 152 | 3 257 | 2 357 | 5 224 | 1 257 | 3 250 | 568 | 3 978 | 35 984 | 35 889 | 37 314 |
| Road transport | 844 | 844 | 915 | 890 | 366 | 1 254 | 590 | 844 | 788 | 658 | 1 044 | 3 002 | 12 037 | 10 522 | 11 893 |
| Environmental protection | 200 | 200 | 256 | - | 103 | 200 | 226 | 200 | 154 | - | 325 | 406 | 2 272 | 2 395 | 2 424 |
| Trading services | 135 565 | 97 213 | 84 893 | 87 114 | 95 081 | 89 695 | 91 482 | 125 628 | 130 496 | 67 414 | 120 253 | 152 651 | 1 277 485 | 1 386 200 | 1 504 516 |
| Electricity | 104 070 | 66 200 | 54 070 | 44 070 | 76 584 | 66 584 | 68 456 | 88 456 | 101 452 | 35 648 | 75 452 | 92 000 | 873 043 | 955 102 | 1 044 875 |
| Water | 23 531 | 23 531 | 23 541 | 35 126 | 11 962 | 15 236 | 14 786 | 25 064 | 23 531 | 23 531 | 35 685 | 19 072 | 274 595 | 291 027 | 308 487 |
| Waste water management | 2 056 | 4 257 | 5 025 | 2 010 | 5 025 | 4 649 | 5 025 | 6 200 | 3 256 | 5 025 | 7 890 | 10 439 | 60 858 | 66 944 | 73 639 |
| Waste management | 5 908 | 3 226 | 2 256 | 5 908 | 1 510 | 3 226 | 3 215 | 5 908 | 2 256 | 3 210 | 1 226 | 31 140 | 68 988 | 73 127 | 77 515 |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue - Standard | 404 262 | 199 939 | 198 413 | 196 572 | 245 365 | 200 006 | 177 977 | 251 351 | 259 296 | 220 052 | 268 525 | 417 774 | 3 039 533 | 3 290 009 | 3 553 406 |
| | | 268 754 | 255 897 | 242 825 | 325 302 | 269 993 | 249 016 | 345 232 | 362 151 | 259 177 | 344 669 | | | | |
| Expenditure - Standard | | | | | | | | | | | | | | | |
| Governance and administration | 35 080 | 43 245 | 45 692 | 49 636 | 40 227 | 49 290 | 41 818 | 56 432 | 44 533 | 44 561 | 45 086 | 81 158 | 576 757 | 646 893 | 678 094 |
| Executive and council | 7 069 | 7 659 | 8 655 | 9 529 | 7 659 | 10 486 | 9 545 | 9 966 | 12 356 | 12 460 | 9 545 | 18 896 | 123 825 | 132 343 | 138 008 |
| Budget and treasury office | 7 856 | 12 021 | 15 021 | 14 458 | 12 021 | 12 021 | 10 257 | 7 856 | 12 021 | 8 582 | 12 021 | 28 190 | 152 328 | 199 313 | 206 027 |

Budgeted monthly revenue and expenditure (standard classification) – Continued

| Description | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | | | | | | |
| Corporate services | 20 155 | 23 565 | 22 015 | 25 649 | 20 547 | 26 783 | 22 015 | 38 610 | 20 155 | 23 519 | 23 519 | 34 072 | 300 604 | 315 237 | 334 059 |
| Community and public safety | 30 135 | 52 851 | 25 634 | 28 266 | 26 919 | 26 445 | 22 257 | 23 972 | 26 156 | 23 250 | 30 468 | 33 441 | 349 794 | 369 858 | 389 630 |
| Community and social services | 6 663 | 7 162 | 7 143 | 6 143 | 5 152 | 7 143 | 6 148 | 7 143 | 7 008 | 5 152 | 7 143 | 7 297 | 79 300 | 83 689 | 88 957 |
| Sport and recreation | 8 975 | 6 000 | 7 759 | 8 975 | 8 975 | 8 975 | 7 226 | 5 415 | 8 975 | 6 555 | 8 975 | 8 764 | 95 565 | 104 194 | 108 316 |
| Public safety | 13 293 | 39 011 | 9 564 | 11 856 | 11 235 | 9 506 | 7 255 | 10 357 | 9 658 | 11 020 | 13 293 | 14 939 | 160 985 | 167 342 | 176 757 |
| Housing | 822 | 442 | 822 | 909 | 822 | 565 | 1 246 | 822 | – | 524 | 822 | 1 672 | 9 468 | 9 931 | 10 585 |
| Health | 383 | 235 | 345 | 383 | 735 | 256 | 383 | 235 | 515 | – | 235 | 769 | 4 475 | 4 702 | 5 015 |
| Economic and environmental services | 14 315 | 11 119 | 12 479 | 10 842 | 13 944 | 21 092 | 16 381 | 8 841 | 15 318 | 12 887 | 16 695 | 33 218 | 187 130 | 202 009 | 210 989 |
| Planning and development | 7 863 | 2 223 | 4 896 | 6 690 | 7 863 | 4 653 | 7 863 | 5 863 | 8 863 | 4 253 | 7 257 | 20 729 | 89 013 | 96 550 | 100 558 |
| Road transport | 5 556 | 8 012 | 6 658 | 3 256 | 5 556 | 14 615 | 7 896 | 2 356 | 5 556 | 8 012 | 8 012 | 12 421 | 87 908 | 94 721 | 98 973 |
| Environmental protection | 896 | 885 | 925 | 896 | 525 | 1 825 | 622 | 622 | 899 | 622 | 1 426 | 68 | 10 209 | 10 739 | 11 458 |
| Trading services | 113 952 | 82 475 | 107 457 | 91 221 | 98 481 | 85 794 | 90 738 | 97 342 | 129 017 | 100 171 | 112 263 | 126 295 | 1 235 206 | 1 335 872 | 1 444 361 |
| Electricity | 74 309 | 51 485 | 74 500 | 55 560 | 55 200 | 51 827 | 50 560 | 64 390 | 99 990 | 64 390 | 74 081 | 77 661 | 793 953 | 864 160 | 939 872 |
| Water | 26 218 | 21 218 | 22 356 | 26 218 | 32 056 | 20 152 | 29 518 | 20 128 | 18 356 | 22 356 | 25 356 | 34 960 | 298 891 | 324 705 | 348 496 |
| Waste water management | 7 665 | 6 541 | 6 541 | 5 684 | 7 665 | 8 055 | 6 541 | 7 665 | 6 541 | 7 665 | 7 665 | 8 834 | 87 062 | 88 698 | 94 037 |
| Waste management | 5 760 | 3 231 | 4 060 | 3 760 | 3 560 | 5 760 | 4 120 | 5 160 | 4 130 | 5 760 | 5 160 | 4 841 | 55 301 | 58 308 | 61 956 |
| Other | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Total Expenditure - Standard | 193 481 | 189 690 | 191 261 | 179 965 | 179 570 | 182 621 | 171 194 | 186 587 | 215 024 | 180 869 | 204 512 | 274 112 | 2 348 887 | 2 554 633 | 2 723 074 |
| Surplus/(Deficit) before assoc. | 210 781 | 10 249 | 7 151 | 16 607 | 65 795 | 17 385 | 6 783 | 64 764 | 44 273 | 39 183 | 64 013 | 143 662 | 690 646 | 735 376 | 830 332 |
| Share of surplus/ (deficit) of associate | | | | | | | | | | | | – | – | – | – |
| Surplus/(Deficit) | 210 781 | 10 249 | 7 151 | 16 607 | 65 795 | 17 385 | 6 783 | 64 764 | 44 273 | 39 183 | 64 013 | 143 662 | 690 646 | 735 376 | 830 332 |

Table 51 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

| Description | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---------------------|---------------|----------------|--------------|---------------|----------------|---------------|---------------|----------------|---------------|---------------|----------------|---|------------------------|------------------------|
| | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Multi-year expenditure to be appropriated | | | | | | | | | | | | | | | |
| Vote 1 - COUNCIL | | | | | | | | | | | | - | - | - | - |
| Vote 2 - Office of the Municipal Manger | | | | | | | | | | | | - | - | - | - |
| Vote 3 - Strategic Planning Monitoring and Evaluation | | | | | | | | | | | | - | - | - | - |
| Vote 4 - Engineering Services | | | | | | | | | | | | - | - | - | - |
| Vote 5 - Community Services | | | | | | | | | | | | - | - | - | - |
| Vote 6 - Community Development | | | | | | | | | | | | - | - | - | - |
| Vote 7 - Corporate and Shared Services | | | | | | | | | | | | - | - | - | - |
| Vote 8 - Planning and Economic Development | | | | | | | | | | | | - | - | - | - |
| Vote 9 - Budget and Treasury | | | | | | | | | | | | - | - | - | - |
| Vote 10 - Transport Operations | | | | | | | | | | | | - | - | - | - |
| Capital multi-year expenditure sub-total | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Single-year expenditure to be appropriated | | | | | | | | | | | | | | | |
| Vote 1 - COUNCIL | - | - | - | - | 1 520 | - | - | - | 1 480 | - | - | - | 3 000 | 750 | 750 |
| Vote 2 - Office of the Municipal Manger | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - Strategic Planning Monitoring and Evaluation | - | - | 674 | 2 509 | - | - | 2 509 | - | - | - | - | 1 159 | 6 850 | 3 000 | 2 000 |
| Vote 4 - Engineering Services | - | 10 100 | 41 242 | - | 57 097 | 91 541 | 30 770 | 4 686 | 174 343 | 26 017 | 35 125 | 116 842 | 587 764 | 571 551 | 563 806 |
| Vote 5 - Community Services | 2 515 | - | 1 263 | 2 569 | - | 7 868 | - | 1 263 | - | 1 263 | 1 263 | 21 262 | 39 266 | 33 846 | 27 260 |
| Vote 6 - Community Development | - | 2 642 | 4 363 | 2 189 | 736 | 16 686 | 8 000 | 15 698 | 15 200 | 6 686 | 12 145 | 9 329 | 93 675 | 67 850 | 68 035 |
| Vote 7 - Corporate and Shared Services | - | - | 2 565 | 708 | - | 886 | - | 708 | 708 | 708 | 708 | 2 607 | 9 600 | 4 950 | 2 950 |
| Vote 8 - Planning and Economic Development | - | 837 | - | - | 2 220 | - | - | - | 1 443 | - | - | 1 000 | 5 500 | 2 800 | 2 750 |
| Vote 9 - Budget and Treasury | 1 832 | - | - | - | - | 1 641 | - | - | - | - | - | 2 877 | 6 350 | 6 148 | 4 931 |
| Vote 10 - Transport Operations | 1 465 | - | 51 026 | - | 10 520 | 44 333 | 30 248 | - | 9 856 | - | 19 601 | 6 526 | 173 575 | 173 390 | 189 494 |
| Capital single-year expenditure sub-total | 5 812 | 13 579 | 101 133 | 7 975 | 72 092 | 162 955 | 71 527 | 22 356 | 203 031 | 34 675 | 68 843 | 161 603 | 925 580 | 864 285 | 861 976 |
| Total Capital Expenditure | 5 812 | 13 579 | 101 133 | 7 975 | 72 092 | 162 955 | 71 527 | 22 356 | 203 031 | 34 675 | 68 843 | 161 603 | 925 580 | 864 285 | 861 976 |

Table 52 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

| Description R thousand | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure | | |
|---|---------------------|---------------|----------------|---------------|---------------|----------------|---------------|---------------|----------------|---------------|---------------|----------------|-------------------------------------|---------------------------|---------------------------|
| | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| <u>Capital Expenditure - Standard</u> | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | – | 827 | 4 274 | – | 4 585 | 1 858 | – | 4 520 | 28 906 | – | 1 590 | 4 865 | 51 425 | 49 599 | 41 550 |
| Executive and council | – | – | 2 685 | – | – | 1 001 | – | – | – | – | – | 2 664 | 6 350 | 6 149 | 4 930 |
| Budget and treasury office | – | 827 | 1 589 | – | 4 585 | 856 | – | 4 520 | 28 906 | – | 1 590 | 2 202 | 45 075 | 43 450 | 36 620 |
| Corporate services | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| <i>Community and public safety</i> | 1 039 | 796 | 3 569 | 553 | 14 857 | 18 883 | 5 761 | 12 296 | 2 980 | 12 790 | 18 848 | 7 695 | 100 066 | 51 446 | 48 925 |
| Community and social services | – | 796 | – | – | 12 590 | – | – | 12 296 | – | 6 895 | – | 2 874 | 35 450 | 13 750 | 9 600 |
| Sport and recreation | 868 | – | 3 569 | – | 2 268 | 18 883 | 5 508 | – | 2 327 | 5 895 | 18 848 | 736 | 58 900 | 28 150 | 32 765 |
| Public safety | 171 | – | – | 553 | – | – | 253 | – | 653 | – | – | 4 085 | 5 716 | 9 546 | 6 560 |
| Housing | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Health | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| <i>Economic and environmental services</i> | 1 757 | 10 812 | 5 318 | – | – | 90 446 | 32 756 | – | 118 876 | 18 940 | 292 | 115 716 | 394 913 | 440 678 | 508 947 |
| Planning and development | 292 | 292 | 292 | – | – | 292 | – | – | 292 | 292 | 292 | 3 458 | 5 500 | 2 800 | 2 750 |
| Road transport | 1 465 | 10 520 | 5 026 | – | – | 90 155 | 32 756 | – | 118 585 | 18 648 | – | 112 258 | 389 413 | 437 878 | 506 197 |
| Environmental protection | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| <i>Trading services</i> | 3 016 | 1 146 | 87 972 | 7 421 | 52 650 | 51 768 | 33 009 | 5 540 | 52 269 | 2 944 | 48 113 | 33 326 | 379 176 | 322 563 | 262 553 |
| Electricity | – | 1 146 | 2 400 | 1 257 | 1 526 | 1 490 | 2 396 | 4 983 | 1 490 | 1 259 | 1 490 | 6 564 | 26 000 | 18 226 | 27 671 |
| Water | 2 459 | – | 84 116 | 5 479 | 51 124 | 49 721 | 29 157 | – | 50 124 | – | 46 623 | 25 124 | 343 926 | 288 837 | 219 432 |
| Waste water management | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Waste management | 557 | – | 1 457 | 686 | – | 557 | 1 457 | 557 | 656 | 1 686 | – | 1 639 | 9 250 | 15 500 | 15 450 |
| <i>Other</i> | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Total Capital Expenditure - Standard | 5 812 | 13 579 | 101 133 | 7 975 | 72 092 | 162 955 | 71 527 | 22 356 | 203 031 | 34 675 | 68 843 | 161 603 | 925 580 | 864 286 | 861 975 |
| <u>Funded by:</u> | | | | | | | | | | | | | | | |
| National Government | 105 822 | 34 593 | – | 69 593 | – | 90 593 | – | – | 130 000 | 34 089 | – | – | 464 689 | 492 285 | 536 976 |
| Provincial Government | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| District Municipality | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Other transfers and grants | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Transfers recognised - capital | 105 822 | 34 593 | – | 69 593 | – | 90 593 | – | – | 130 000 | 34 089 | – | – | 464 689 | 492 285 | 536 976 |
| Public contributions & donations | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Borrowing | – | – | – | – | – | 122 000 | – | – | – | – | – | 113 000 | 235 000 | 134 000 | 71 000 |
| Internally generated funds | 14 811 | 4 983 | 10 564 | 16 690 | 28 906 | 42 561 | 18 848 | 25 680 | 5 026 | 42 680 | 5 026 | 10 115 | 225 891 | 238 001 | 253 999 |
| Total Capital Funding | 120 634 | 39 576 | 10 564 | 86 282 | 28 906 | 255 154 | 18 848 | 25 680 | 135 026 | 76 769 | 5 026 | 123 115 | 925 580 | 864 286 | 861 975 |

Table 53 MBRR SA30 - Budgeted monthly cash flow

| MONTHLY CASH FLOWS | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---|------------------------|------------------------|
| R thousand | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Cash Receipts By Source | | | | | | | | | | | | | 1 | | |
| Property rates | 24 235 | 22 383 | 18 383 | 22 383 | 23 728 | 19 750 | 20 459 | 26 485 | 19 100 | 18 383 | 17 485 | 16 226 | 249 000 | 327 286 | 346 923 |
| Property rates - penalties & collection charges | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| Service charges - electricity revenue | 62 445 | 68 852 | 60 993 | 64 216 | 71 178 | 68 573 | 69 492 | 71 078 | 44 520 | 64 216 | 51 078 | 62 760 | 759 402 | 888 081 | 971 561 |
| Service charges - water revenue | 18 365 | 19 714 | 17 077 | 23 303 | 11 289 | 22 462 | 15 435 | 28 369 | 15 435 | 23 303 | 28 369 | 15 723 | 238 845 | 270 636 | 286 875 |
| Service charges - sanitation revenue | 3 797 | 4 209 | 3 859 | 4 194 | 3 644 | 3 715 | 4 095 | 4 366 | - | 4 194 | 4 366 | 16 158 | 56 598 | 62 258 | 68 484 |
| Service charges - refuse revenue | 6 542 | 3 255 | 3 946 | 4 250 | 2 485 | 3 355 | 5 444 | 5 542 | 5 542 | 4 450 | 3 542 | 14 013 | 62 364 | 66 105 | 70 072 |
| Service charges - other | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| Rental of facilities and equipment | 1 046 | 998 | 1 000 | 1 542 | 899 | 758 | 1 042 | 986 | 1 046 | 620 | 1 055 | 1 562 | 12 555 | 13 020 | 13 578 |
| Interest earned - external investments | 1 520 | 1 865 | 1 945 | 1 055 | 1 055 | 1 414 | 1 945 | 1 855 | 1 200 | 1 542 | 1 945 | 6 001 | 23 343 | 25 389 | 26 598 |
| Interest earned - outstanding debtors | - | - | - | - | - | - | - | - | - | - | - | 1 990 | 1 990 | 17 577 | 16 349 |
| Dividends received | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| Fines | 930 | 640 | 711 | 545 | 1 245 | 950 | 933 | 889 | 756 | 1 500 | 945 | 1 117 | 11 160 | 11 439 | 12 090 |
| Licences and permits | 958 | 1 042 | 859 | 950 | 1 462 | 969 | 542 | 620 | 526 | 759 | 1 580 | 1 358 | 11 625 | 10 230 | 11 532 |
| Agency services | 750 | 1 562 | - | 2 223 | 2 654 | 1 025 | 2 054 | 754 | 1 052 | 2 100 | 1 562 | 1 747 | 17 484 | 18 135 | 18 693 |
| Transfer receipts - operational | 340 000 | 965 | - | - | 45 000 | - | 194 000 | - | 250 000 | - | 113 | - | 830 078 | 900 621 | 976 624 |
| Other revenue | 2 300 | 4 898 | 6 256 | 10 865 | 5 410 | 4 055 | 1 055 | 814 | 3 420 | 3 200 | 1 512 | 16 944 | 60 729 | 62 869 | 64 914 |
| Cash Receipts by Source | 462 889 | 130 382 | 115 028 | 135 527 | 170 049 | 127 026 | 316 497 | 141 758 | 342 598 | 124 268 | 113 552 | 155 600 | 2 335 172 | 2 673 647 | 2 884 292 |
| Other Cash Flows by Source | | | | | | | | | | | | | | | |
| Transfer receipts - capital | 48 520 | - | - | - | - | 154 200 | - | - | 145 200 | - | - | 100 769 | 448 689 | 492 285 | 536 976 |
| Contributions recognised - capital & Contributed assets | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| Proceeds on disposal of PPE | - | - | - | - | - | - | - | - | - | - | - | 2 000 | 2 000 | 2 000 | 2 000 |
| Short term loans | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| Borrowing long term/refinancing | - | - | - | - | - | - | 130 000 | - | - | - | - | 105 000 | 235 000 | 134 000 | 71 000 |
| Increase (decrease) in consumer deposits | - | 40 | - | - | 110 | - | - | - | - | - | - | 1 850 | 2 000 | 2 000 | 2 000 |
| Decrease (increase) in non-current debtors | - | - | - | - | - | - | - | - | - | - | - | 400 | 400 | 400 | 400 |
| Decrease (increase) other non-current receivables | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| Decrease (increase) in non-current investments | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| Total Cash Receipts by Source | 511 409 | 130 422 | 115 028 | 135 527 | 170 159 | 281 226 | 446 497 | 141 758 | 487 798 | 124 268 | 113 552 | 365 619 | 3 023 261 | 3 304 332 | 3 496 668 |

Budgeted monthly cash flow - Continued

| MONTHLY CASH FLOWS | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|---------------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|-----------------|----------------|------------------|-----------------|-----------------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Cash Payments by Type | | | | | | | | | | | | | | | |
| Employee related costs | 49 085 | 51 062 | 52 160 | 45 560 | 51 062 | 56 258 | 46 985 | 50 143 | 51 062 | 49 042 | 54 500 | 55 822 | 612 739 | 649 503 | 694 969 |
| Remuneration of councillors | 2 145 | 2 301 | 2 301 | 2 652 | 3 145 | 2 997 | 2 997 | 3 145 | 2 997 | 2 652 | 1 650 | 4 579 | 33 560 | 35 574 | 37 708 |
| Finance charges | - | - | - | - | - | 17 012 | - | - | - | - | - | 19 088 | 36 100 | 83 600 | 83 600 |
| Bulk purchases - Electricity | 35 520 | 44 103 | 45 025 | 56 020 | 54 120 | 49 526 | 52 172 | 48 026 | 50 172 | 52 172 | 55 172 | 84 034 | 626 059 | 685 347 | 750 249 |
| Bulk purchases - Water & Sewer | 17 156 | 14 072 | 19 510 | 16 820 | 15 215 | 14 752 | 19 005 | 15 110 | 14 072 | 10 035 | 11 043 | 4 806 | 171 594 | 187 844 | 205 633 |
| Other materials | 10 897 | 9 520 | 7 250 | 6 200 | 7 041 | 11 041 | 10 041 | 11 041 | 7 041 | 6 200 | 10 041 | 11 785 | 108 098 | 114 584 | 121 460 |
| Contracted services | 4 546 | 6 548 | 7 228 | 5 245 | 6 584 | 6 548 | 7 228 | 6 585 | 10 041 | 11 041 | 7 041 | 8 098 | 86 733 | 83 226 | 84 704 |
| Transfers and grants - other municipalities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers and grants - other | 3 000 | - | 400 | 50 | - | 4 000 | - | - | 4 050 | - | - | - | 11 500 | 2 500 | 2 500 |
| Other expenditure | 10 500 | 35 000 | 8 400 | 24 520 | 20 100 | 10 146 | 10 548 | 20 100 | 30 100 | 56 041 | 27 700 | 35 294 | 288 449 | 324 547 | 342 123 |
| Cash Payments by Type | 132 849 | 162 605 | 142 274 | 157 067 | 157 267 | 172 279 | 148 975 | 154 149 | 169 533 | 187 183 | 167 146 | 223 506 | 1 974 832 | 2 166 726 | 2 322 945 |
| Other Cash Flows/Payments by Type | | | | | | | | | | | | | | | |
| Capital assets | 12 100 | 56 658 | 35 690 | 42 451 | 45 615 | 59 860 | 30 500 | 82 560 | 31 620 | 156 814 | 31 456 | 199 719 | 785 043 | 874 286 | 873 975 |
| Repayment of borrowing | - | - | - | - | - | 35 500 | - | - | - | - | - | 39 500 | 75 000 | 90 000 | 150 000 |
| Other Cash Flows/Payments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cash Payments by Type | 144 949 | 219 263 | 177 964 | 199 518 | 202 882 | 267 639 | 179 475 | 236 709 | 201 153 | 343 997 | 198 602 | 462 724 | 2 834 875 | 3 131 012 | 3 346 920 |
| NET INCREASE/(DECREASE) IN CASH HELD | 366 460 | (88 841) | (62 936) | (63 991) | (32 723) | 13 587 | 267 021 | (94 951) | 286 644 | (219 729) | (85 050) | (97 106) | 188 386 | 173 319 | 149 748 |
| Cash/cash equivalents at the month/year begin: | 85 000 | 451 460 | 362 619 | 299 683 | 235 692 | 202 969 | 216 556 | 483 577 | 388 626 | 675 270 | 455 541 | 370 492 | 85 000 | 273 386 | 446 705 |
| Cash/cash equivalents at the month/year end: | 451 460 | 362 619 | 299 683 | 235 692 | 202 969 | 216 556 | 483 577 | 388 626 | 675 270 | 455 541 | 370 492 | 273 386 | 273 386 | 446 705 | 596 453 |

2.10 Draft annual budgets and SDBIPs – Internal departments

Table 54 Services Department – Operating revenue by source, expenditure by type and total capital expenditure

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue By Source | | | | | | | | | | |
| Property rates | 254 721 | 285 392 | 256 187 | 332 477 | 314 000 | 314 000 | 314 000 | 332 000 | 351 920 | 373 035 |
| Property rates - penalties & collection charges | | | | | | | | | | |
| Service charges - electricity revenue | 605 486 | 616 926 | 658 255 | 793 523 | 793 523 | 793 523 | 793 523 | 872 876 | 954 926 | 1 044 689 |
| Service charges - water revenue | 221 060 | 211 680 | 223 249 | 258 995 | 258 995 | 258 995 | 258 995 | 274 535 | 291 007 | 308 467 |
| Service charges - sanitation revenue | 46 449 | 48 588 | 49 065 | 55 326 | 55 326 | 55 326 | 55 326 | 60 858 | 66 944 | 73 639 |
| Service charges - refuse revenue | 51 305 | 54 773 | 57 388 | 63 262 | 63 262 | 63 262 | 63 262 | 67 058 | 71 081 | 75 346 |
| Service charges - other | - | - | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | 12 154 | 16 231 | 12 264 | 21 221 | 19 221 | 19 221 | 19 221 | 13 500 | 14 000 | 14 600 |
| Interest earned - external investments | 23 017 | 30 547 | 35 721 | 31 000 | 37 000 | 37 000 | 37 000 | 25 100 | 27 300 | 28 600 |
| Interest earned - outstanding debtors | 7 377 | 51 302 | 45 798 | 31 800 | 25 800 | 25 800 | 25 800 | 2 140 | 18 900 | 17 580 |
| Dividends received | - | - | - | - | - | - | - | - | - | - |
| Fines | 2 627 | 12 347 | 9 846 | 13 726 | 13 726 | 13 726 | 13 726 | 12 000 | 12 300 | 13 000 |
| Licences and permits | 8 816 | 8 909 | 9 196 | 9 569 | 9 570 | 9 570 | 9 570 | 12 500 | 11 000 | 12 400 |
| Agency services | 13 892 | 16 040 | 15 608 | 16 596 | 16 596 | 16 596 | 16 596 | 18 800 | 19 500 | 20 100 |
| Transfers recognised - operational | 397 176 | 478 178 | 526 244 | 586 860 | 678 860 | 678 860 | 678 860 | 830 078 | 900 621 | 976 624 |
| Other revenue | 23 430 | 33 806 | 26 830 | 67 909 | 162 537 | 162 537 | 162 537 | 51 300 | 57 600 | 57 800 |
| Gains on disposal of PPE | 1 451 | 305 | 172 | 30 200 | 30 200 | 30 200 | 30 200 | 2 100 | 625 | 550 |
| Total Revenue (excluding capital transfers and contributions) | 1 668 960 | 1 865 025 | 1 925 822 | 2 312 463 | 2 478 616 | 2 478 616 | 2 478 616 | 2 574 844 | 2 797 724 | 3 016 430 |
| Expenditure By Type | | | | | | | | | | |
| Employee related costs | 392 060 | 440 943 | 492 445 | 571 536 | 571 431 | 571 431 | 571 431 | 644 989 | 683 688 | 731 546 |
| Remuneration of councillors | 18 937 | 21 668 | 25 406 | 25 780 | 25 780 | 25 780 | 25 780 | 35 326 | 37 446 | 39 693 |
| Debt impairment | 53 486 | 197 819 | 130 414 | 50 000 | 50 000 | 50 000 | 50 000 | 50 000 | 65 000 | 67 000 |
| Depreciation & asset impairment | 265 100 | 449 617 | 542 900 | 205 000 | 205 000 | 205 000 | 205 000 | 185 000 | 209 000 | 211 000 |
| Finance charges | 29 594 | 37 154 | 38 371 | 37 000 | 37 000 | 37 000 | 37 000 | 38 000 | 88 000 | 88 000 |
| Bulk purchases | 581 301 | 619 153 | 674 895 | 767 000 | 755 500 | 755 500 | 755 500 | 839 635 | 919 148 | 1 006 192 |
| Other materials | 144 648 | 142 278 | 163 393 | 177 520 | 201 353 | 201 353 | 201 353 | 113 787 | 120 615 | 127 852 |
| Contracted services | 56 380 | 66 780 | 68 511 | 77 745 | 86 130 | 86 130 | 86 130 | 91 298 | 87 607 | 89 162 |
| Transfers and grants | 5 540 | 6 940 | 6 740 | 6 480 | 17 180 | 17 180 | 17 180 | 11 500 | 2 500 | 2 500 |
| Other expenditure | 369 073 | 251 345 | 465 610 | 370 499 | 372 597 | 372 597 | 372 597 | 339 352 | 341 629 | 360 129 |
| Loss on disposal of PPE | | | | | | | | | | |
| Total Expenditure | 1 916 119 | 2 233 697 | 2 608 685 | 2 288 560 | 2 321 970 | 2 321 970 | 2 321 970 | 2 348 887 | 2 554 633 | 2 723 074 |
| Surplus/(Deficit) | (247 159) | (368 673) | (682 863) | 23 903 | 156 646 | 156 646 | 156 646 | 225 957 | 243 091 | 293 356 |
| Transfers recognised - capital | 291 175 | 393 793 | 579 344 | 558 288 | 470 854 | 470 854 | 470 854 | 464 689 | 492 285 | 536 976 |
| Contributions recognised - capital | - | - | - | - | - | - | - | - | - | - |
| Contributed assets | | | | | | | | | | |
| Surplus/(Deficit) after capital transfers & contributions | 44 016 | 25 121 | (103 519) | 582 191 | 627 500 | 627 500 | 627 500 | 690 646 | 735 376 | 830 332 |
| Taxation | | | | | | | | | | |
| Surplus/(Deficit) after taxation | 44 016 | 25 121 | (103 519) | 582 191 | 627 500 | 627 500 | 627 500 | 690 646 | 735 376 | 830 332 |
| Attributable to minorities | | | | | | | | | | |
| Surplus/(Deficit) attributable to municipality | 44 016 | 25 121 | (103 519) | 582 191 | 627 500 | 627 500 | 627 500 | 690 646 | 735 376 | 830 332 |
| Share of surplus/ (deficit) of associate | | | | | | | | | | |
| Surplus/(Deficit) for the year | 44 016 | 25 121 | (103 519) | 582 191 | 627 500 | 627 500 | 627 500 | 690 646 | 735 376 | 830 332 |

Total Capital Expenditure

| Vote Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Capital Expenditure - Standard | | | | | | | | | | |
| Governance and administration | 64 709 | 106 503 | 20 662 | 30 700 | 30 679 | 30 679 | 30 679 | 51 425 | 49 599 | 41 550 |
| Executive and council | - | 31 | - | 1 200 | 906 | 906 | 906 | 6 350 | 6 149 | 4 930 |
| Budget and treasury office | 44 | 51 | 896 | 5 000 | 5 000 | 5 000 | 5 000 | 45 075 | 43 450 | 36 620 |
| Corporate services | 64 665 | 106 421 | 19 766 | 24 500 | 24 772 | 24 772 | 24 772 | - | - | - |
| Community and public safety | 1 252 | 8 400 | 39 768 | 59 183 | 62 299 | 62 299 | 62 299 | 100 066 | 51 446 | 48 925 |
| Community and social services | 1 133 | 183 | 4 860 | 6 100 | 5 600 | 5 600 | 5 600 | 35 450 | 13 750 | 9 600 |
| Sport and recreation | 119 | 8 216 | 34 687 | 46 500 | 53 086 | 53 086 | 53 086 | 58 900 | 28 150 | 32 765 |
| Public safety | - | - | 221 | 6 000 | 3 030 | 3 030 | 3 030 | 5 716 | 9 546 | 6 560 |
| Housing | - | - | - | - | - | - | - | - | - | - |
| Health | - | - | - | 583 | 583 | 583 | 583 | - | - | - |
| Economic and environmental services | 117 313 | 205 492 | 398 065 | 299 938 | 323 357 | 323 357 | 323 357 | 394 913 | 440 678 | 508 947 |
| Planning and development | - | - | 109 | 3 000 | 3 000 | 3 000 | 3 000 | 5 500 | 2 800 | 2 750 |
| Road transport | 117 313 | 205 274 | 397 956 | 296 938 | 320 357 | 320 357 | 320 357 | 389 413 | 437 878 | 506 197 |
| Environmental protection | - | 217 | - | - | - | - | - | - | - | - |
| Trading services | 154 160 | 149 407 | 150 553 | 190 300 | 209 950 | 209 950 | 209 950 | 379 176 | 322 563 | 262 553 |
| Electricity | 21 965 | 1 382 | 13 159 | 14 800 | 11 750 | 11 750 | 11 750 | 26 000 | 18 226 | 27 671 |
| Water | 128 422 | 147 021 | 130 295 | 171 000 | 195 056 | 195 056 | 195 056 | 343 926 | 288 837 | 219 432 |
| Waste water management | 3 773 | 166 | 2 524 | 500 | - | - | - | - | - | - |
| Waste management | - | 837 | 4 575 | 4 000 | 3 145 | 3 145 | 3 145 | 9 250 | 15 500 | 15 450 |
| Other | - | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure - Standard | 337 434 | 469 802 | 609 048 | 580 121 | 626 285 | 626 285 | 626 285 | 925 580 | 864 286 | 861 975 |
| Funded by: | | | | | | | | | | |
| National Government | 225 076 | 353 771 | 555 235 | 447 545 | 464 921 | 464 921 | 464 921 | 464 689 | 492 285 | 536 976 |
| Provincial Government | | | | | | | | | | |
| District Municipality | | | | | | | | | | |
| Other transfers and grants | | | | | | | | | | |
| Transfers recognised - capital | 225 076 | 353 771 | 555 235 | 447 545 | 464 921 | 464 921 | 464 921 | 464 689 | 492 285 | 536 976 |
| Public contributions & donations | | | | | | | | | | |
| Borrowing | - | - | - | - | - | - | - | 235 000 | 134 000 | 71 000 |
| Internally generated funds | 112 357 | 116 030 | 53 814 | 132 576 | 161 364 | 161 364 | 161 364 | 225 891 | 238 001 | 253 999 |
| Total Capital Funding | 337 434 | 469 802 | 609 048 | 580 121 | 626 285 | 626 285 | 626 285 | 925 580 | 864 286 | 861 975 |

2.11 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, the following contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

| Description | Preceding Years | Current Year 2015/16 | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|----------------------|---|------------------------|------------------------|
| | Total | Original Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | |
| Parent Municipality: | | | | | |
| <u>Revenue Obligation By Contract</u> | | | | | |
| Contract 1 | | | | | |
| Contract 2 | | | | | |
| Contract 3 etc | | | | | |
| Total Operating Revenue Implication | - | - | - | - | - |
| <u>Expenditure Obligation By Contract</u> | | | | | |
| Contract 1 | | | | | |
| Contract 2 | | | | | |
| Contract 3 etc | | | | | |
| Total Operating Expenditure Implication | - | - | - | - | - |
| <u>Capital Expenditure Obligation By Contract</u> | | | | | |
| Contract 1 | | | | | |
| Contract 2 | | | | | |
| Contract 3 etc | | | | | |
| Total Capital Expenditure Implication | - | - | - | - | - |
| Total Parent Expenditure Implication | - | - | - | - | - |
| Entities: | | | | | |
| <u>Revenue Obligation By Contract</u> | | | | | |
| Contract 1 | | | | | |
| Contract 2 | | | | | |
| Contract 3 etc | | | | | |
| Total Operating Revenue Implication | - | - | - | - | - |
| <u>Expenditure Obligation By Contract</u> | | | | | |
| Contract 1 | | | | | |
| Contract 2 | | | | | |
| Contract 3 etc | | | | | |
| Total Operating Expenditure Implication | - | - | - | - | - |
| <u>Capital Expenditure Obligation By Contract</u> | | | | | |
| Contract 1 | | | | | |
| Contract 2 | | | | | |
| Contract 3 etc | | | | | |
| Total Capital Expenditure Implication | - | - | - | - | - |
| Total Entity Expenditure Implication | - | - | - | - | - |

2.12 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets

Table 55 MBRR SA 34a - Capital expenditure on new assets by asset class

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Capital expenditure on new assets by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | 219 409 | 311 688 | 465 798 | 193 506 | 202 738 | 202 738 | 630 689 | 590 191 | 568 579 |
| Infrastructure - Road transport | 69 147 | 8 250 | 98 700 | 24 206 | 37 273 | 37 273 | 80 538 | 105 238 | 124 203 |
| Roads, Pavements & Bridges | 69 147 | 8 250 | 98 700 | 24 206 | 37 273 | 37 273 | 80 538 | 105 238 | 124 203 |
| Storm water | - | - | - | - | - | - | - | - | - |
| Infrastructure - Electricity | 1 793 | 51 500 | 20 023 | 169 300 | 164 793 | 164 793 | 24 000 | 13 726 | 21 500 |
| Generation | 1 793 | 51 500 | 20 023 | - | - | - | - | - | - |
| Transmission & Reticulation | - | - | - | 164 500 | 161 043 | 161 043 | 24 000 | 13 726 | 21 500 |
| Street Lighting | - | - | - | 4 800 | 3 750 | 3 750 | - | - | - |
| Infrastructure - Water | 107 771 | 130 000 | 168 178 | - | - | - | 343 326 | 282 337 | 217 932 |
| Reticulation | 107 771 | 130 000 | 168 178 | - | - | - | 343 326 | 282 337 | 217 932 |
| Infrastructure - Sanitation | 1 378 | 1 500 | 667 | - | 672 | 672 | - | - | - |
| Reticulation | - | - | 667 | - | - | - | - | - | - |
| Sewerage purification | 1 378 | 1 500 | - | - | 672 | 672 | - | - | - |
| Infrastructure - Other | 39 320 | 120 438 | 178 229 | - | - | - | 182 825 | 188 890 | 204 944 |
| Waste Management | - | - | 1 800 | - | - | - | 9 250 | 15 500 | 15 450 |
| Transportation | 39 320 | 120 438 | 172 026 | - | - | - | 173 575 | 173 390 | 189 494 |
| Gas | - | - | - | - | - | - | - | - | - |
| Other | - | - | 4 403 | - | - | - | - | - | - |
| Community | 445 | 18 500 | 36 305 | 42 100 | 50 386 | 50 386 | 82 566 | 38 296 | 42 910 |
| Parks & gardens | 163 | 9 000 | 500 | 1 300 | 1 300 | 1 300 | 21 200 | 5 500 | 3 000 |
| Sportsfields & stadia | 32 | 9 500 | 32 683 | 38 000 | 47 586 | 47 586 | 47 400 | 22 250 | 30 000 |
| Libraries | 76 | - | 400 | 800 | 500 | 500 | 1 300 | 1 200 | 1 600 |
| Recreational facilities | - | - | 923 | - | - | - | - | - | - |
| Fire, safety & emergency | - | - | 998 | - | - | - | 1 750 | 2 200 | 3 500 |
| Other | - | - | - | 2 000 | 1 000 | 1 000 | 10 916 | 7 146 | 4 810 |
| Other assets | 49 275 | 27 044 | 71 233 | 190 522 | 237 286 | 237 286 | 17 300 | 14 650 | 12 820 |
| General vehicles | - | 26 542 | - | 1 200 | 906 | 906 | - | - | - |
| Plant & equipment | - | - | 7 468 | 6 833 | 4 678 | 4 678 | 1 100 | - | - |
| Computers - hardware/equipment | 773 | 500 | 2 000 | 500 | 400 | 400 | 9 600 | 4 950 | 2 950 |
| Furniture and other office equipment | - | - | - | 4 500 | 4 500 | 4 500 | 2 600 | 3 000 | 4 500 |
| Civic Land and Buildings | - | - | 45 422 | 3 000 | 2 872 | 2 872 | - | - | - |
| Other Buildings | - | - | 3 555 | - | 20 840 | 20 840 | 4 000 | 6 700 | 5 370 |
| Other | 48 502 | 2 | 12 789 | 174 489 | 203 089 | 203 089 | - | - | - |
| Total Capital Expenditure on new assets | 269 130 | 357 232 | 573 336 | 426 128 | 490 411 | 490 411 | 730 555 | 643 137 | 624 309 |

Table 56 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Capital expenditure on renewal of existing assets by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | 51 455 | 112 571 | 8 007 | 114 993 | 100 724 | 100 724 | 137 900 | 170 250 | 200 171 |
| Infrastructure - Road transport | 48 166 | 54 000 | 5 500 | 97 493 | 79 824 | 79 824 | 135 300 | 159 250 | 192 500 |
| Roads, Pavements & Bridges | 48 166 | 54 000 | 5 500 | 97 493 | 79 824 | 79 824 | 135 300 | 159 250 | 192 500 |
| Storm water | | | | | | | | | |
| Infrastructure - Electricity | - | - | 1 000 | 16 500 | 20 500 | 20 500 | 2 000 | 4 500 | 6 171 |
| Generation | - | - | - | - | - | - | - | - | - |
| Transmission & Reticulation | - | - | 1 000 | 16 500 | 20 500 | 20 500 | 2 000 | 4 500 | 6 171 |
| Street Lighting | - | - | - | - | - | - | - | - | - |
| Infrastructure - Water | - | 16 849 | 18 731 | - | - | - | 600 | 6 500 | 1 500 |
| Dams & Reservoirs | - | - | - | - | - | - | - | - | - |
| Water purification | - | - | - | - | - | - | - | - | - |
| Reticulation | - | 16 849 | 18 731 | - | - | - | 600 | 6 500 | 1 500 |
| Infrastructure - Sanitation | 1 568 | 40 000 | 4 412 | 1 000 | 400 | 400 | - | - | - |
| Reticulation | 1 568 | 40 000 | 4 412 | 1 000 | 400 | 400 | - | - | - |
| Sewerage purification | - | - | - | - | - | - | - | - | - |
| Infrastructure - Other | 1 721 | 1 721 | | - | - | - | - | - | - |
| Other | 1 721 | 1 721 | | | | | | | |
| Community | - | - | - | 11 200 | 8 000 | 8 000 | 21 900 | 15 950 | 8 765 |
| Parks & gardens | | | | 700 | 700 | 700 | 2 600 | 3 300 | 2 250 |
| Sportsfields & stadia | | | | 7 000 | 4 000 | 4 000 | 12 000 | 5 900 | 2 765 |
| Swimming pools | | | | - | - | - | - | - | - |
| Community halls | | | | - | - | - | - | - | - |
| Libraries | | | | 1 500 | 1 300 | 1 300 | - | - | - |
| Recreational facilities | | | | 1 500 | 1 500 | 1 500 | - | - | - |
| Fire, safety & emergency | | | | - | - | - | 550 | 600 | 600 |
| Other | 16 849 | - | 27 706 | 500 | 500 | 500 | 6 750 | 6 150 | 3 150 |
| Other assets | 16 849 | - | 27 706 | 27 800 | 27 150 | 27 150 | 35 225 | 34 948 | 28 731 |
| General vehicles | | | | | | | | | |
| Computers - hardware/equipment | - | - | 2 000 | - | - | - | - | - | - |
| Furniture and other office equipment | - | - | - | 1 500 | 500 | 500 | - | - | - |
| Civic Land and Buildings | - | - | 15 000 | 19 000 | 20 500 | 20 500 | 15 000 | 15 000 | 15 000 |
| Other Buildings | - | - | 10 207 | 3 000 | 3 000 | 3 000 | 13 875 | 13 800 | 8 800 |
| Other | 16 849 | - | 498 | 4 300 | 3 150 | 3 150 | 6 350 | 6 148 | 4 931 |
| Total Capital Expenditure on renewal of existing | 68 304 | 112 571 | 35 713 | 153 993 | 135 874 | 135 874 | 195 025 | 221 148 | 237 667 |
| Renewal of Existing Assets as % of total capex | 20,2% | 24,0% | 5,9% | 26,5% | 21,7% | 21,7% | 21,1% | 25,6% | 27,6% |
| Renewal of Existing Assets as % of deprecn" | 25,8% | 25,0% | 6,6% | 75,1% | 66,3% | 66,3% | 105,4% | 105,8% | 112,6% |

Table 57 MBRR SA34c - Repairs and maintenance expenditure by asset class

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Repairs and maintenance expenditure by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | 91 390 | 68 900 | 115 483 | 116 141 | 137 396 | 137 396 | 77 403 | 82 047 | 86 970 |
| Infrastructure - Road transport | 23 160 | 10 965 | 25 543 | 24 509 | 37 299 | 37 299 | 21 012 | 22 273 | 23 610 |
| Roads, Pavements & Bridges | 21 443 | 8 845 | 23 211 | 22 130 | 34 920 | 34 920 | 19 672 | 20 853 | 22 104 |
| Storm water | 1 717 | 2 120 | 2 332 | 2 379 | 2 379 | 2 379 | 1 340 | 1 421 | 1 506 |
| Infrastructure - Electricity | 27 807 | 18 005 | 26 669 | 24 142 | 25 142 | 25 142 | 14 164 | 15 014 | 15 915 |
| Generation | - | - | - | - | - | - | - | - | - |
| Transmission & Reticulation | 26 368 | 15 505 | 24 044 | 24 142 | 25 142 | 25 142 | 14 164 | 15 014 | 15 915 |
| Street Lighting | 1 439 | 2 500 | 2 625 | - | - | - | - | - | - |
| Infrastructure - Water | 23 282 | 22 948 | 32 344 | 28 106 | 32 127 | 32 127 | 18 099 | 19 185 | 20 336 |
| Dams & Reservoirs | 4 396 | 4 203 | 6 807 | - | - | - | - | - | - |
| Water purification | 2 601 | 3 000 | 3 533 | - | - | - | - | - | - |
| Reticulation | 16 285 | 15 746 | 22 004 | 28 106 | 32 127 | 32 127 | 18 099 | 19 185 | 20 336 |
| Infrastructure - Sanitation | 6 810 | 4 996 | 7 527 | 39 383 | 42 828 | 42 828 | 24 128 | 25 575 | 27 110 |
| Reticulation | 4 356 | 3 574 | 6 005 | 39 383 | 42 828 | 42 828 | 24 128 | 25 575 | 27 110 |
| Sewerage purification | 2 453 | 1 422 | 1 522 | - | - | - | - | - | - |
| Infrastructure - Other | 10 332 | 11 987 | 23 400 | - | - | - | - | - | - |
| Waste Management | 10 332 | 11 987 | 23 400 | - | - | - | - | - | - |
| Transportation | - | - | - | - | - | - | - | - | - |
| Gas | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Community | 53 257 | 73 378 | 47 910 | 61 380 | 64 583 | 45 584 | 36 384 | 38 568 | 40 882 |
| Parks & gardens | 10 985 | 9 281 | 12 249 | 11 557 | 11 557 | 11 557 | 6 511 | 6 901 | 7 315 |
| Sportsfields & stadia | 8 048 | 4 789 | 5 336 | 5 196 | 5 196 | 5 196 | 2 927 | 3 103 | 3 289 |
| Swimming pools | 198 | 222 | 230 | 243 | 243 | 243 | 137 | 145 | 154 |
| Community halls | 0 | 193 | 197 | 208 | 208 | 208 | 117 | 124 | 132 |
| Libraries | 79 | 156 | 149 | 158 | 158 | 158 | 89 | 94 | 100 |
| Recreational facilities | - | - | - | 450 | 450 | 450 | 254 | 269 | 285 |
| Fire, safety & emergency | 1 417 | 1 504 | 1 491 | 1 577 | 1 577 | 1 577 | 889 | 942 | 999 |
| Security and policing | 1 164 | 545 | 1 186 | 22 | 22 | 22 | 13 | 13 | 14 |
| Buses | - | - | - | - | - | - | - | - | - |
| Clinics | 1 | 7 | 6 | - | - | - | - | - | - |
| Museums & Art Galleries | 24 | 60 | 62 | 30 | 30 | 30 | 17 | 18 | 19 |
| Cemeteries | 953 | 1 290 | 1 355 | 1 428 | 1 428 | 1 428 | 805 | 853 | 904 |
| Social rental housing | - | - | - | - | - | - | - | - | - |
| Other | 30 388 | 55 330 | 25 650 | 40 509 | 43 713 | 24 714 | 24 627 | 26 105 | 27 672 |
| Total Repairs and Maintenance Expenditure | 144 648 | 142 278 | 163 393 | 177 520 | 201 979 | 182 980 | 113 787 | 120 615 | 127 852 |
| Specialised vehicles | - | - | - | - | - | - | - | - | - |
| Refuse | - | - | - | - | - | - | - | - | - |
| Fire | - | - | - | - | - | - | - | - | - |
| Conservancy | - | - | - | - | - | - | - | - | - |
| Ambulances | - | - | - | - | - | - | - | - | - |
| R&M as a % of PPE | 2,6% | 2,0% | 1,9% | 2,3% | 2,6% | 2,4% | 1,4% | 1,3% | 1,3% |
| R&M as % Operating Expenditure | 7,5% | 6,4% | 6,3% | 7,8% | 8,7% | 7,9% | 4,8% | 4,7% | 4,7% |

Supporting Table SA34d Depreciation by asset class

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Depreciation by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | 159 604 | 260 398 | - | 96 877 | 96 877 | 96 877 | 86 415 | 97 622 | 97 622 |
| Infrastructure - Road transport | 55 639 | 141 816 | - | 26 009 | 26 009 | 26 009 | 23 200 | 26 209 | 26 209 |
| Roads, Pavements & Bridges | 55 617 | 141 793 | | 26 009 | 26 009 | 26 009 | 23 200 | 26 209 | 26 209 |
| Storm water | 22 | 22 | | | | | | | |
| Infrastructure - Electricity | 23 226 | 44 872 | - | 20 155 | 20 155 | 20 155 | 17 978 | 20 310 | 20 310 |
| Generation | | | | | | | | | |
| Transmission & Reticulation | 19 442 | 41 088 | | 20 155 | 20 155 | 20 155 | 17 978 | 20 310 | 20 310 |
| Street Lighting | 3 784 | 3 784 | | | | | | | |
| Infrastructure - Water | 74 409 | 39 494 | - | 44 345 | 44 345 | 44 345 | 39 555 | 44 686 | 44 686 |
| Dams & Reservoirs | | | | | | | | | |
| Water purification | 580 | 580 | | | | | | | |
| Reticulation | 73 829 | 38 913 | | 44 345 | 44 345 | 44 345 | 39 555 | 44 686 | 44 686 |
| Infrastructure - Sanitation | 4 990 | 24 855 | - | 6 369 | 6 369 | 6 369 | 5 681 | 6 418 | 6 418 |
| Reticulation | - | - | | | | | | | |
| Sewerage purification | 4 990 | 24 855 | | 6 369 | 6 369 | 6 369 | 5 681 | 6 418 | 6 418 |
| Infrastructure - Other | 1 339 | 9 362 | - | - | - | - | - | - | - |
| Waste Management | 1 339 | 9 362 | | | | | | | |
| Transportation | | | | | | | | | |
| Gas | | | | | | | | | |
| Other | | | | | | | | | |
| Community | 105 496 | 189 219 | 542 900 | 108 123 | 108 123 | 108 123 | 98 585 | 111 378 | 113 378 |
| Parks & gardens | 501 | 501 | | 501 | 501 | 501 | 447 | 505 | 505 |
| Sportsfields & stadia | 55 723 | 59 284 | | 58 301 | 58 301 | 58 301 | 52 005 | 58 750 | 58 750 |
| Swimming pools | 86 | 86 | | 86 | 86 | 86 | 77 | 87 | 87 |
| Community halls | 91 | 91 | | 91 | 91 | 91 | 81 | 92 | 92 |
| Libraries | 586 | 586 | | 578 | 578 | 578 | 516 | 583 | 583 |
| Recreational facilities | - | - | | - | - | - | - | - | - |
| Fire, safety & emergency | 2 757 | 15 015 | | 2 757 | 2 757 | 2 757 | 2 459 | 2 778 | 2 778 |
| Security and policing | 1 027 | 1 027 | | 164 | 164 | 164 | 146 | 165 | 165 |
| Buses | - | - | | - | - | - | - | - | - |
| Clinics | - | - | | 76 | 76 | 76 | 68 | 76 | 76 |
| Museums & Art Galleries | 201 | 24 242 | | 136 | 136 | 136 | 121 | 137 | 137 |
| Cemeteries | 185 | 185 | | 185 | 185 | 185 | 165 | 186 | 186 |
| Social rental housing | - | - | | - | - | - | - | - | - |
| Other | 44 339 | 88 202 | 542 900 | 45 248 | 45 248 | 45 248 | 42 501 | 48 019 | 50 019 |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Buildings | | | | | | | | | |
| Other | | | | | | | | | |
| Total Depreciation | 265 100 | 449 617 | 542 900 | 205 000 | 205 000 | 205 000 | 185 000 | 209 000 | 211 000 |

Table 58 MBRR SA35 - Future financial implications of the capital budget

| Vote Description | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---------------------------|---------------------------|
| | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | |
| <u>Capital expenditure</u> | | | |
| Vote 1 - COUNCIL | 3 000 | 750 | 750 |
| Vote 2 - Office of the Municipal Manger | – | – | – |
| Vote 3 - Strategic Planning Monitoring and Evaluation | 6 850 | 3 000 | 2 000 |
| Vote 4 - Engineering Services | 587 764 | 571 551 | 563 806 |
| Vote 5 - Community Services | 39 266 | 33 846 | 27 260 |
| Vote 6 - Community Development | 93 675 | 67 850 | 68 035 |
| Vote 7 - Corporate and Shared Services | 9 600 | 4 950 | 2 950 |
| Vote 8 - Planning and Economic Development | 5 500 | 2 800 | 2 750 |
| Vote 9 - Budget and Treasury | 6 350 | 6 148 | 4 931 |
| Vote 10 - Transport Operations | 173 575 | 173 390 | 189 494 |
| Total Capital Expenditure | 925 580 | 864 285 | 861 976 |
| <u>Future operational costs by vote</u> | | | |
| Vote 1 - COUNCIL | 142 324 | 151 587 | 158 358 |
| Vote 2 - Office of the Municipal Manger | 28 223 | 30 101 | 31 171 |
| Vote 3 - Strategic Planning Monitoring and Evaluation | 23 845 | 25 584 | 27 097 |
| Vote 4 - Engineering Services | 1 236 352 | 1 338 905 | 1 445 868 |
| Vote 5 - Community Services | 285 304 | 298 644 | 316 594 |
| Vote 6 - Community Development | 165 834 | 178 198 | 186 920 |
| Vote 7 - Corporate and Shared Services | 188 829 | 197 593 | 209 783 |
| Vote 8 - Planning and Economic Development | 80 779 | 87 379 | 90 968 |
| Vote 9 - Budget and Treasury | 179 517 | 227 797 | 236 304 |
| Vote 10 - Transport Operations | 17 878 | 18 845 | 20 011 |
| Total future operational costs | 2 348 887 | 2 554 633 | 2 723 074 |
| <u>Future revenue by source</u> | | | |
| Property rates | 332 000 | 351 920 | 373 035 |
| Property rates - penalties & collection charges | – | – | – |
| Service charges - electricity revenue | 872 876 | 954 926 | 1 044 689 |
| Service charges - water revenue | 274 535 | 291 007 | 308 467 |
| Service charges - sanitation revenue | 60 858 | 66 944 | 73 639 |
| Service charges - refuse revenue | 67 058 | 71 081 | 75 346 |
| Service charges - other | – | – | – |
| Rental of facilities and equipment | 13 500 | 14 000 | 14 600 |
| List other revenues sources if applicable | | | |
| List entity summary if applicable | | | |
| Total future revenue | 1 620 826 | 1 749 878 | 1 889 776 |
| Net Financial Implications | 1 653 641 | 1 669 040 | 1 695 274 |

Table 59 MBRR SA37- Consolidated projects delayed from previous financial years

| Project name | Current Year |
|---|--------------------|
| | 2015/16 |
| | Full Year Forecast |
| | |
| | |
| | |
| Upgrading of arterial road Mamatsha | 269 |
| Upgrading of Arterial road D4030 & D1809 (Nobody to Laastehoop to Mothapo 17km) | 468 |
| Upgrading of arterial road Sebayeng to Mantheding | 1 885 |
| Mothapo RWS | 14 |
| Houtrivier RWS | 658 |
| Construction of Ga-Molepo/Maja Sport Complex | 231 |
| Rehabilitation of Seshego Stadium | 1 153 |
| Heating of Polokwane Olympic Pool | 1 559 |
| IRPTS Project support and planning | 1 615 |
| IRPTS Infrastructure implementation | 26 553 |
| | |
| Total Projects | 34 405 |

Table 60 MBRR - Detailed capital budget per municipal vote

| MULTI YEAR BUDGET | VOTE | | Funding | 2016/17 | 2017/2018 | 2018/2019 |
|---|------|-------|---------|--------------------|-----------------------|-----------------------|
| Description | | | | | | |
| Facility Management | | | | | | |
| Civic Centre refurbishment | 3040 | 00141 | CRR | 15 000 000 | 15 000 000.00 | 15 000 000.00 |
| Renovation of offices | 3040 | 00151 | CRR | 4 000 000 | 4 000 000.00 | 4 500 000.00 |
| Furniture and Office Equipment | 3040 | 00161 | CRR | 2 600 000 | 3 000 000.00 | 3 000 000.00 |
| Upgrading of Offices Stadium | 3040 | 00162 | PTISG | 7 000 000 | 7 000 000.00 | 3 500 000.00 |
| Workers Residence(barracks) | 3040 | 00163 | CRR | 4 000 000 | 2 500 000.00 | 4 000 000.00 |
| Refurbishment of City Library and Auditorium | 3040 | 00164 | CRR | - | 2 000 000.00 | - |
| Upgrading of Seshego Library | 3040 | 00165 | CRR | - | 1 500 000.00 | - |
| Furniture and Equipment Molepo library | 3040 | 00166 | CRR | - | - | 1 500 000.00 |
| Modular Library Dikgale | 3040 | 00167 | CRR | - | 1 200 000.00 | 750 000.00 |
| Refurbishment of BakoneMalapa museum | 3040 | 00168 | CRR | 875 000 | 800 000.00 | 800 000.00 |
| Construction of waiting area | 3040 | 00169 | CRR | - | 500 000.00 | - |
| Construction of Mankweng Traffic and Licensing Testing Centre | 3040 | 00170 | CRR | - | 1 000 000.00 | - |
| Construction of filling Area | 3040 | 00171 | CRR | - | - | 500 000.00 |
| Provision of Maja/Chuene Parking Shelter facilities | 3040 | 00172 | CRR | - | - | 120 000.00 |
| Refurbishment of Nirvana Hall | 3040 | 00173 | CRR | - | - | - |
| Refurbishment of Westernburg Hall | 3040 | 00174 | CRR | 2 000 000 | - | - |
| | | | | 35 475 000 | 38 500 000.00 | 33 670 000.00 |
| Security Services | | | | | | |
| CCTV Camera Maintenance | | | CRR | 550 000 | 600 000.00 | 600 000.00 |
| Purchasing of 20 x 9mm CZ Pistols | | | CRR | 250 000 | - | - |
| | | | | 800 000 | 600 000.00 | 600 000.00 |
| Roads & Stormwater | | | | | | |
| Upgrading of Arterial road in SDA1 (Lithuli and Madiba park) | 3230 | 01011 | MIG | 6 000 000 | 8 000 000.00 | 10 000 000.00 |
| Ntsime to Sefateng | 3230 | 01021 | MIG | 6 500 000 | 8 000 000.00 | 10 000 000.00 |
| Semenya to Matekereng | 3230 | 01031 | MIG | 6 500 000 | 8 000 000.00 | 10 000 000.00 |
| Upgrading of internal streets in Toronto | 3230 | 01041 | MIG | 6 500 000 | 8 500 000.00 | 10 000 000.00 |
| Sebayeng village(ring road) | 3230 | 01051 | MIG | 6 500 000 | 8 500 000.00 | 10 000 000.00 |
| Chebeng to Makweya | 3230 | 01061 | MIG | 6 500 000 | 10 000 000.00 | - |
| Internal Street in Seshego Zone 8 | 3230 | 01071 | MIG | 6 500 000 | 8 000 000.00 | 10 000 000.00 |
| Ramongoana bus and Taxi roads | 3230 | 01081 | MIG | 6 500 000 | 8 000 000.00 | 10 000 000.00 |
| Ntshishane Road | 3230 | 01091 | MIG | 6 500 000 | 8 000 000.00 | 10 000 000.00 |
| Upgrading of internal streets linked with Excelsior Street in Mankweng unit A | 3230 | 01101 | MIG | 6 500 000 | 10 000 000.00 | 10 000 000.00 |
| Upgrading of Arterial road in Ga Rampheri | 3230 | 01111 | MIG | 6 300 000 | 8 000 000.00 | 16 000 000.00 |
| Upgrading of internal streets in municipal development in Bendor | 3230 | 01121 | CRR | 2 000 000 | 2 500 000.00 | 5 000 000.00 |
| Planning for Upgrading of internal streets in Molepo,Chuene Maja cluster | 3230 | 01131 | MIG | 500 000 | 13 000 000.00 | 15 000 000.00 |
| Rehabilitation of streets in Seshego | 3230 | 01161 | CRR | 2 000 000 | 5 000 000.00 | 6 000 000.00 |
| Rehabilitation of streets in the CBD | 3230 | 01171 | CRR | - | 3 250 000.00 | 6 000 000.00 |
| Upgrading of stormwater system in municipal area | 3230 | 01172 | CRR | - | 3 000 000.00 | 5 500 000.00 |
| Upgrading of internal Streets in Seshego | 3230 | 01173 | CRR | 3 000 000 | 3 000 000.00 | 8 000 000.00 |
| Upgrading of internal Streets in Mankweng | 3230 | 01174 | CRR | 3 000 000 | 3 000 000.00 | 5 000 000.00 |
| Asset Renewal Programme | | | CRR | 100 000 000 | 105 000 000.00 | 111 000 000.00 |
| Traffic Lights and Signs | 3230 | 01175 | CRR | - | 2 500 000.00 | 3 000 000.00 |
| Installation of road signage | 3230 | 01176 | CRR | - | 880 000.00 | 968 000.00 |
| NDPG | 3230 | 01177 | NDPG | 34 538 000 | 30 358 000.00 | 45 235 000.00 |
| | | | | 215 838 000 | 264 488 000.00 | 316 703 000.00 |

| MULTI YEAR BUDGET | VOTE | Funding | 2016/17 | 2017/2018 | 2018/2019 |
|--|------|---------|---------|--------------------|-----------------------|
| Description | | | | | |
| Water Supply and reticulation | | | | | |
| Olifantspoort RWS (Mmotong wa Perekisi) | 3340 | 00901 | MIG | 5 000 000 | 15 000 000.00 |
| Mothapo RWS | 3340 | 00911 | MIG | 4 000 000 | 10 000 000.00 |
| Moleletje East RWS | 3340 | 00921 | MIG | 5 000 000 | 15 000 000.00 |
| Moleletje North RWS | 3340 | 00931 | MIG | 1 500 000 | 5 000 000.00 |
| Sebayeng/Dikgale RWS | 3340 | 00941 | MIG | 5 000 000 | 20 000 000.00 |
| Moleletje South RWS | 3340 | 00951 | MIG | 5 000 000 | 13 000 000.00 |
| Houtriver RWS phase 10 | 3340 | 00961 | MIG | 3 000 000 | 1 000 000.00 |
| Chuene Maja RWS phase 9 | 3340 | 00971 | MIG | 10 000 000 | 16 500 000.00 |
| Molepo RWS phase 10 | 3340 | 00981 | MIG | 10 000 000 | 6 482 000.00 |
| Laasteheop RWS phase 10 | 3340 | 00991 | MIG | 6 975 869 | 5 000 000.00 |
| Mankweng RWS phase 10 | 3340 | 01001 | MIG | 6 000 000 | 9 000 000.00 |
| Boyne RWS phase 10 | 3340 | 01011 | MIG | 2 800 000 | 6 000 000.00 |
| Segwasi RWS | 3340 | 01021 | MIG | 4 000 000 | 6 000 000.00 |
| Badimong RWS phase 10 | 3340 | 01031 | MIG | 6 000 000 | 10 000 000.00 |
| Aganang MIG Projects | | | MIG | 30 000 000 | |
| AC Pipes | | | Loan | 235 000 000 | 134 000 000.00 |
| Installation of CCTV cameras in boreholes. | 3340 | 01041 | CRR | - | 2 000 000.00 |
| Extension 78 water reticulation | 3340 | 01051 | CRR | 1 550 000 | 5 000 000.00 |
| Upgrading the pipe size from Dap Naude to Polokwane Water Tr | 3340 | 01061 | CRR | - | 750 000.00 |
| Pre-paid meters | 3340 | 01071 | CRR/PPP | - | 750 000.00 |
| Upgrading of laboratory | 3340 | 01081 | CRR | 500 000 | - |
| Extension 78 sewer reticulation | 3340 | 01091 | CRR | - | 2 250 000.00 |
| Installation of Meters at Seshego Zone 5 | 3340 | 01101 | CRR | 2 500 000 | - |
| Roodeport Reservoir Construction | 3340 | 01102 | CRR | - | 750 000.00 |
| Upgrading of water reticulation in City centre | 3340 | 01103 | CRR | 100 000 | 750 000.00 |
| | | | | 343 925 869 | 288 836 832.00 |
| | | | | | 219 432 000.00 |
| Energy Services | | | | | |
| Electrification of urban households | 3430 | 00441 | CRR | 5 000 000 | - |
| Illumination of public areas (street lights) in Rabe, Hans van Rensburg | 3430 | 00451 | CRR | 1 500 000 | 750 000.00 |
| Illumination of public areas (High Mast lights) | 3430 | 00461 | CRR | 2 000 000 | 2 000 000.00 |
| Replacement of oil RMU with SF6/ Vacuum | 3430 | 00481 | CRR | - | 750 000.00 |
| Installation of quality of supply meters | | | | - | 8 000 000.00 |
| SCADA on RTU | 3430 | 00471 | CRR | 2 000 000 | 750 000.00 |
| Replacement of overhead lines by underground cables | 3430 | 00491 | CRR | - | 750 000.00 |
| Replacement of Fiber glass enclosures | 3430 | 00501 | CRR | - | 750 000.00 |
| Upgrade 800A Bus-bars to 1200A in Alpha 66KV Distribution substation | 3430 | 00511 | CRR | 2 000 000 | - |
| Planning and design New Bakone to IOTA 66KV double circuit GOAT line | 3430 | 00512 | CRR | 2 000 000 | 850 000.00 |
| Build 66KV/Bakone substation | 3430 | 00513 | CRR | 10 000 000 | 2 225 747.00 |
| Installation of fourth 185mm² 11KV cable from Beta to Voortrekker substation | 3430 | 00514 | CRR | - | 750 000.00 |
| Design and Construct permanent distribution substation at Thornhill | 3430 | 00515 | CRR | 1 000 000 | 850 000.00 |
| Increase NMD from ESKOM at Alpha 11KV Distribution substation | 3430 | 00516 | CRR | - | 750 000.00 |
| Power factor corrections | 3430 | 00517 | CRR | - | 750 000.00 |
| Plant and Equipment | 3430 | 00518 | CRR | 500 000 | 750 000.00 |
| Installation of 3x 185 mm² cables from Sterpark to Iota sub | 3430 | 00519 | CRR | - | 900 000.00 |
| Installation of 1 x 185 mm² cable from Delta to Bendor sub | 3430 | 00520 | CRR | - | 850 000.00 |
| Increase license area assets | 3430 | 00521 | CRR | - | 750 000.00 |
| Retrofit 66kV Relays at Gamma, Alpha & Sigma Substations | 3430 | 00522 | CRR | - | 550 000.00 |
| Retrofit all the Oil 11KV Breakers in Gamma Substation | 3430 | 00523 | CRR | - | 750 000.00 |
| Replace 66kV Bus Bars & Breakers at Gamma Substation | 3430 | 00524 | CRR | - | 750 000.00 |
| Repair Building and Maintenance at Gamma, Sigma, Alpha, Beta, Sterpark & Florapark Substations | 3430 | 00525 | CRR | - | 750 000.00 |
| Replacement of Fences at Gamma, Sigma, Alpha, Beta, Sterpark & Florapark Substations | 3430 | 00526 | CRR | - | 750 000.00 |
| Total Energy Services | | | | 26 000 000 | 18 225 747.00 |
| | | | | | 27 671 000.00 |

| MULTI YEAR BUDGET | | VOTE | Funding | 2016/17 | 2017/2018 | 2018/2019 |
|--|------|-------|---------|------------|---------------|---------------|
| Description | | | | | | |
| | | | | | | |
| Disaster and Fire | | | | | | |
| Acquisition of fire Equipment | 4230 | 00053 | CRR | 1 500 000 | 2 000 000.00 | 1 500 000.00 |
| 6 floo pumps | 4230 | 00054 | CRR | - | - | 150 000.00 |
| 10 Largee bore hoses with stotz coupling | 4230 | 00055 | CRR | - | - | 350 000.00 |
| 150X 80 Fire hoses with instantaneous couplings | 4230 | 00056 | CRR | - | - | 300 000.00 |
| Miscellaneous equipment and gear | 4230 | 00057 | CRR | - | - | 500 000.00 |
| 3 Heavy hydraulic equipment | 4230 | 00058 | CRR | - | - | 200 000.00 |
| 4 portable pump | 4230 | 00059 | CRR | - | - | 200 000.00 |
| 16 x Multipurpose branches | 4230 | 00060 | CRR | - | 200 000.00 | 300 000.00 |
| Total Disaster and Fire | | | | 1 500 000 | 2 200 000.00 | 3 500 000.00 |
| | | | | | | |
| Traffic & Licencing | | | | | | |
| Purchase alcohol testers | | | CRR | 216 000 | 156 000.00 | 200 000.00 |
| Purchase of note counting equipment | | | CRR | 600 000 | 700 000.00 | - |
| Upgrade queue management system | | | CRR | 100 000 | - | - |
| Upgrading of logistics offices | | | CRR | - | 1 000 000.00 | 500 000.00 |
| Upgrading of city vehicle pound | | | CRR | 300 000 | 500 000.00 | 500 000.00 |
| Renovations- Traffic Auditorium, parade room and Training Facility | | | CRR | 150 000 | 800 000.00 | 600 000.00 |
| Procure blue lights and siren systems | | | CRR | 80 000 | 160 000.00 | 60 000.00 |
| Installation of industrial air conditioners at licenses | | | CRR | - | 1 000 000.00 | - |
| Upgrading city license facility/ | | | CRR | 500 000 | 1 000 000.00 | - |
| Procurement of office chairs and furnisners | | | CRR | - | 700 000.00 | 300 000.00 |
| Upgrading of vehicle test station | | | CRR | - | 400 000.00 | - |
| Upgrading of vehicle weighbridge | | | CRR | 1 200 000 | - | - |
| Procurement of AARTO equipments | | | CRR | 200 000 | 300 000.00 | 300 000.00 |
| Procurement of office cleaning equipments | | | CRR | 70 000 | 30 000.00 | - |
| Total Traffic and Licensing | | | | 3 416 000 | 6 746 000.00 | 2 460 000.00 |
| | | | | | | |
| Environmental Mangement | | | | | | |
| Grass cutting equipments | 4335 | 00172 | CRR | 900 000 | 950 000.00 | 750 000.00 |
| Development of a Botanical garden | 4335 | 00173 | CRR | 1 600 000 | 1 650 000.00 | 750 000.00 |
| Development of a park at Ext 44 and 76 | 4335 | 00174 | CRR | 1 900 000 | 2 000 000.00 | 750 000.00 |
| Upgrading of Tom Naude Park | 4335 | 00175 | CRR | 1 300 000 | 900 000.00 | 750 000.00 |
| Zone 4 Park Expansion Phase 2 | 4335 | 00176 | CRR | 800 000 | 900 000.00 | 750 000.00 |
| Upgrading of Security at Game Reserve | 4335 | 00177 | CRR | 1 000 000 | 1 500 000.00 | 750 000.00 |
| Upgrading of Environmental Education Centre | 4335 | 00178 | CRR | 800 000 | 900 000.00 | 750 000.00 |
| Molepo Dam park development | 4335 | 00179 | DEA | 6 000 000 | - | - |
| Donga rehabilitation at Maja/Chuene/Molepo | 4335 | 00180 | DEA | 10 000 000 | - | - |
| Total Environment Management | | | | 24 300 000 | 8 800 000.00 | 5 250 000.00 |
| | | | | | | |
| Waste Management | | | | | | |
| 30 m3 skip containers | 4340 | 00084 | CRR | 600 000 | 900 000.00 | - |
| Extension of landfill site | 4340 | 00085 | CRR | 300 000 | 850 000.00 | 3 000 000.00 |
| Extension of offices | 4340 | 00086 | CRR | 500 000 | 750 000.00 | - |
| Rural transfer station (Makgodu) | 4340 | 00087 | MIG | 5 000 000 | 3 000 000.00 | - |
| Rural transfer station (Dikgale) | 4340 | 00088 | MIG | - | 8 200 000.00 | - |
| Rural transfer Station(Makotopong) | 4340 | 00089 | MIG | - | - | 9 000 000.00 |
| 770 L Refuse Containers | 4340 | 00090 | CRR | 2 000 000 | 750 000.00 | 800 000.00 |
| 240 litre bins | 4340 | 00091 | CRR | - | - | 800 000.00 |
| 6 &9 M3 Skip containers | 4340 | 00092 | CRR | - | - | 800 000.00 |
| Broom &dust pan | 4340 | 00093 | CRR | - | 750 000.00 | 500 000.00 |
| Net for skip containers | 4340 | 00094 | CRR | 100 000 | 100 000.00 | 150 000.00 |
| No dumping boards | 4340 | 00095 | CRR | 150 000 | 200 000.00 | 250 000.00 |
| Hand held radios | 4340 | 00096 | CRR | 100 000 | - | 150 000.00 |
| Ladanna transfer station | 4340 | 00097 | CRR | 500 000 | - | - |
| Total Waste Management | | | | 9 250 000 | 15 500 000.00 | 15 450 000.00 |

| MULTI YEAR BUDGET | | VOTE | | Funding | 2016/17 | 2017/2018 | 2018/2019 |
|--|------|-------|-------|-------------|----------------|----------------|-----------|
| Description | | | | | | | |
| | | | | | | | |
| Sport & Recreation | | | | | | | |
| Upgrading of Seshego Stadium | 4530 | 00171 | CRR | - | 900 000.00 | - | |
| Upgrading of Ga- Manamela Sport Complex | 4530 | 00181 | MIG | 12 000 000 | 5 000 000.00 | 2 765 059.00 | |
| Construction of an RDP Combo Sport Complex at Molepo Area -1 | 4530 | 00191 | MIG | 12 000 000 | - | - | |
| Construction of an RDP Combo Sport Complex at Molepo Area-2 | 4530 | 00201 | CRR | - | 800 000.00 | - | |
| Construction of Mankweng Sport facility-2 | 4530 | 00211 | CRR | - | 900 000.00 | - | |
| Construction of Mankweng Sport facility-1 | 4530 | 00212 | MIG | 17 000 000 | - | - | |
| Sport stadium in Ga-Maja | 4530 | 00213 | MIG | 10 000 000 | 10 000 000.00 | 15 000 000.00 | |
| EXT 44/77 Sports and Recreation Facility | 4530 | 00214 | MIG | 7 000 000 | 10 000 000.00 | 15 000 000.00 | |
| Construction of borehole at Town pool | 4530 | 00215 | CRR | 400 000 | - | - | |
| Grass Cutting equipment | 4530 | 00216 | CRR | 500 000 | 550 000.00 | - | |
| Total Sport and Recreation | | | | 58 900 000 | 28 150 000.00 | 32 765 059.00 | |
| | | | | | | | |
| Cultural Services | | | | | | | |
| Collection development | 4640 | 00052 | CRR | 800 000 | 600 000.00 | 600 000.00 | |
| Seshego Library upgrade | 4640 | 00053 | CRR | - | - | 500 000.00 | |
| Library Furniture & Equipment-Molepo library | 4640 | 00054 | CRR | 500 000 | 600 000.00 | 500 000.00 | |
| | | | | 1 300 000 | 1 200 000.00 | 1 600 000.00 | |
| | | | | | | | |
| Information Services | | | | | | | |
| Provision of Laptops, PCs and Peripheral Devices | 5210 | 00241 | CRR | 1 200 000 | 1 200 000.00 | 1 200 000.00 | |
| Implementation of ICT Strategy | 5210 | 00242 | CRR | 2 500 000 | 750 000.00 | 750 000.00 | |
| Network Upgrade | 5210 | 00243 | CRR | 5 900 000 | 3 000 000.00 | 1 000 000.00 | |
| Total Information Services | | | | 9 600 000 | 4 950 000.00 | 2 950 000.00 | |
| | | | | | | | |
| Clusters | | | | | | | |
| Thusong Service Centre (TSC) -Mankweng | | | CRR | 2 350 000 | 1 000 000.00 | 750 000.00 | |
| Thusong Service Centre (TSC)-Moleletje cluster | | | CRR | 1 000 000 | - | - | |
| Mobile service sites | | | CRR | 1 500 000 | 1 000 000.00 | 750 000.00 | |
| Renovation of existing Cluster offices | | | CRR | 2 000 000 | 1 000 000.00 | 500 000.00 | |
| Total Clusters | | | | 6 850 000 | 3 000 000.00 | 2 000 000.00 | |
| | | | | | | | |
| City Planning | | | | | | | |
| Township establishment-Farm Volgestruisfontein 667 LS | 6110 | 00032 | CRR | 1 200 000 | 1 000 000.00 | 1 000 000.00 | |
| Township establishment-Portion 74 and 75 of Ivy Dale Agricultural Holdings | 6110 | 00033 | CRR | 1 200 000 | 1 000 000.00 | 1 000 000.00 | |
| Rural settlement development | 6110 | 00034 | CRR | 2 000 000 | 800 000.00 | 750 000.00 | |
| Total City Planning | | | | 4 400 000 | 2 800 000.00 | 2 750 000.00 | |
| | | | | | | | |
| | | | | | | | |
| Transport Operations(IPRTS) | | | | | | | |
| Implementation of IPRTS Infrastructure | 6160 | 00031 | PTISG | 143 575 374 | 161 389 984.00 | 189 494 073.00 | |
| IT Equipment | 6160 | 00032 | PTISG | 30 000 000 | 12 000 000.00 | - | |
| Total Transport Operations | | | | 173 575 374 | 173 389 984.00 | 189 494 073.00 | |
| | | | | | | | |
| GIS | | | | | | | |
| Integrated GIS System | | | CRR | 700 000 | - | - | |
| Surveying Computation / Calculation Software | | | CRR | 400 000 | - | - | |
| Total GIS | | | | 1 100 000 | - | - | |
| | | | | | | | |
| Special Focus | | | | | | | |
| Renovation for the dilapidated AIDS Centre | | | CRR | 3 000 000 | 750 000.00 | 750 000.00 | |
| Total Special Focus | | | | 3 000 000 | 750 000.00 | 750 000.00 | |
| | | | | | | | |
| Supply chain management | | | | | | | |
| Upgrading of stores | 7030 | 00021 | CRR | 6 349 757 | 6 149 437.00 | 4 929 868.00 | |
| | | | | 6 349 757 | 6 149 437.00 | 4 929 868.00 | |
| | | | | | | | |
| TOTAL EXPENDITURE NEW PROJECTS | | | | 925 580 000 | 864 286 000.00 | 861 975 000.00 | |

| MULTI YEAR BUDGET | VOTE | Funding | 2016/17 | 2017/2018 | 2018/2019 |
|---|------|---------|-----------------------|-----------------------|-----------------------|
| Description | | | | | |
| Funding Sources | | | | | |
| Municipal Infrastructure Grant (MIG) | | MIG | 233 575 869 | 281 536 832.00 | 298 747 059.00 |
| Departmental of Environmental Affairs(DEA) | | DEA | 16 000 000 | - | - |
| Neighbourhood Dev Partnership Grant | | NDPG | 34 538 000 | 30 358 000.00 | 45 235 000.00 |
| Public Transport Infrastructure System Grant (PTIG) | | PTISG | 180 575 374 | 180 389 984.00 | 192 994 073.00 |
| Total DoRA Allocations | | | 464 689 243 | 492 284 816.00 | 536 976 132.00 |
| | | | | | |
| Borrowings | | LOAN | 235 000 000 | 134 000 000.00 | 71 000 000.00 |
| Own Funds | | CRR | 225 890 757 | 238 001 184.00 | 253 998 868.00 |
| TOTAL NEW PROJECTS | | | 925 580 000 | 864 286 000.00 | 861 975 000.00 |
| | | | | | |
| Total Renewal | | | 196 024 757.00 | 221 149 437.00 | 237 665 927.00 |
| Total New | | | 729 555 243.00 | 643 136 563.00 | 624 309 073.00 |
| TOTAL NEW PROJECTS | | | 925 580 000.00 | 864 286 000.00 | 861 975 000.00 |

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed 3 interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2015/16 MTREF in June 2016 directly aligned and informed by the 2016/17 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010.

2.13 Other supporting documents

Table 61 MBRR Table SA1 - Supporting detail to budgeted financial performance

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | |
| REVENUE ITEMS: | | | | | | | | | | |
| Property rates | | | | | | | | | | |
| Total Property Rates | 254 721 | 285 392 | 256 187 | 332 477 | 362 000 | 362 000 | 362 000 | 382 880 | 405 853 | 430 204 |
| less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA) | | | | | 48 000 | 48 000 | 48 000 | 50 880 | 53 933 | 57 169 |
| Net Property Rates | 254 721 | 285 392 | 256 187 | 332 477 | 314 000 | 314 000 | 314 000 | 332 000 | 351 920 | 373 035 |
| Service charges - electricity revenue | | | | | | | | | | |
| Total Service charges - electricity revenue | 612 562 | 626 055 | 666 590 | 804 023 | 804 023 | 804 023 | 804 023 | 884 426 | 967 562 | 1 058 512 |
| less Revenue Foregone (in excess of 50 kwh per indigent household per month) | 7 076 | 9 129 | 8 335 | 10 500 | 10 500 | 10 500 | 10 500 | 11 550 | 12 636 | 13 823 |
| less Cost of Free Basis Services (50 kwh per indigent household per month) | - | - | - | - | - | - | - | - | - | - |
| Net Service charges - electricity revenue | 605 486 | 616 926 | 658 255 | 793 523 | 793 523 | 793 523 | 793 523 | 872 876 | 954 926 | 1 044 689 |
| Service charges - water revenue | | | | | | | | | | |
| Total Service charges - water revenue | 224 284 | 216 033 | 226 834 | 263 495 | 266 138 | 266 138 | 266 138 | 282 106 | 299 033 | 316 975 |
| less Revenue Foregone (in excess of 6 kilolitres per indigent household per month) | 3 224 | 4 353 | 3 585 | 4 500 | 7 143 | 7 143 | 7 143 | 7 572 | 8 026 | 8 507 |
| less Cost of Free Basis Services (6 kilolitres per indigent household per month) | - | - | - | - | - | - | - | - | - | - |
| Net Service charges - water revenue | 221 060 | 211 680 | 223 249 | 258 995 | 258 995 | 258 995 | 258 995 | 274 535 | 291 007 | 308 467 |
| Service charges - sanitation revenue | | | | | | | | | | |
| Total Service charges - sanitation revenue | 46 449 | 48 588 | 49 065 | 55 326 | 64 743 | 64 743 | 64 743 | 71 217 | 78 339 | 86 173 |
| less Revenue Foregone (in excess of free sanitation service to indigent households) | | | | | 9 417 | 9 417 | 9 417 | 10 359 | 11 395 | 12 534 |
| less Cost of Free Basis Services (free sanitation service to indigent households) | - | - | - | - | - | - | - | - | - | - |
| Net Service charges - sanitation revenue | 46 449 | 48 588 | 49 065 | 55 326 | 55 326 | 55 326 | 55 326 | 60 858 | 66 944 | 73 639 |
| Service charges - refuse revenue | | | | | | | | | | |
| Total refuse removal revenue | 51 305 | 54 773 | 57 388 | 63 262 | 66 553 | 66 553 | 66 553 | 70 546 | 74 779 | 79 266 |
| Total landfill revenue | | | | | | | | | | |
| less Revenue Foregone (in excess of one removal a week to indigent households) | | | | | 3 291 | 3 291 | 3 291 | 3 488 | 3 698 | 3 920 |
| less Cost of Free Basis Services (removed once a week to indigent households) | - | - | - | - | - | - | - | - | - | - |
| Net Service charges - refuse revenue | 51 305 | 54 773 | 57 388 | 63 262 | 63 262 | 63 262 | 63 262 | 67 058 | 71 081 | 75 346 |
| Other Revenue by source | | | | | | | | | | |
| Fuel Levy | | | | | | | | | | |
| Other Revenue | 23 430 | 33 806 | 26 830 | 67 909 | 162 537 | 162 537 | 162 537 | 51 300 | 57 600 | 57 800 |
| Total 'Other' Revenue | 23 430 | 33 806 | 26 830 | 67 909 | 162 537 | 162 537 | 162 537 | 51 300 | 57 600 | 57 800 |
| EXPENDITURE ITEMS: | | | | | | | | | | |
| Employee related costs | | | | | | | | | | |
| Basic Salaries and Wages | 236 354 | 270 852 | 306 922 | 369 658 | 369 553 | 369 553 | 369 553 | 429 837 | 455 627 | 487 521 |
| Pension and UIF Contributions | 48 025 | 52 356 | 57 172 | 78 987 | 78 987 | 78 987 | 78 987 | 83 727 | 88 750 | 94 963 |
| Medical Aid Contributions | 16 994 | 18 581 | 19 393 | 16 412 | 16 412 | 16 412 | 16 412 | 17 397 | 18 441 | 19 732 |
| Overtime | 34 238 | 38 580 | 42 677 | 34 162 | 34 162 | 34 162 | 34 162 | 37 372 | 39 615 | 42 388 |
| Performance Bonus | | | | | | | | | | |
| Motor Vehicle Allowance | 28 681 | 31 732 | 34 573 | 36 955 | 36 955 | 36 955 | 36 955 | 39 173 | 41 523 | 44 429 |
| Cellphone Allowance | 9 | 37 | 48 | 59 | 59 | 59 | 59 | 63 | 67 | 71 |
| Housing Allowances | 3 810 | 2 503 | 2 402 | 3 818 | 3 818 | 3 818 | 3 818 | 4 047 | 4 290 | 4 590 |
| Other benefits and allowances | 5 804 | 6 668 | 7 652 | 7 483 | 7 483 | 7 483 | 7 483 | 7 932 | 8 407 | 8 996 |
| Payments in lieu of leave | 18 144 | 19 635 | 21 607 | 23 951 | 23 951 | 23 951 | 23 951 | 25 388 | 26 912 | 28 795 |
| Long service awards | - | - | - | 50 | 50 | 50 | 50 | 53 | 56 | 60 |
| Post-retirement benefit obligations | | | | | | | | | | |
| sub-total | 392 060 | 440 943 | 492 445 | 571 536 | 571 431 | 571 431 | 571 431 | 644 989 | 683 688 | 731 546 |
| Less: Employees costs capitalised to PPE | | | | | | | | | | |
| Total Employee related costs | 392 060 | 440 943 | 492 445 | 571 536 | 571 431 | 571 431 | 571 431 | 644 989 | 683 688 | 731 546 |

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | |
| Depreciation & asset impairment | | | | | | | | | | |
| Depreciation of Property, Plant & Equipment | 265 100 | 449 617 | 542 900 | 205 000 | 205 000 | 205 000 | 205 000 | 185 000 | 209 000 | 211 000 |
| Total Depreciation & asset impairment | 265 100 | 449 617 | 542 900 | 205 000 | 205 000 | 205 000 | 205 000 | 185 000 | 209 000 | 211 000 |
| Bulk purchases | | | | | | | | | | |
| Electricity Bulk Purchases | 455 813 | 477 745 | 517 689 | 602 000 | 597 000 | 597 000 | 597 000 | 659 009 | 721 418 | 789 736 |
| Water Bulk Purchases | 125 488 | 141 408 | 157 206 | 165 000 | 158 500 | 158 500 | 158 500 | 180 626 | 197 731 | 216 456 |
| Total bulk purchases | 581 301 | 619 153 | 674 895 | 767 000 | 755 500 | 755 500 | 755 500 | 839 635 | 919 148 | 1 006 192 |
| Transfers and grants | | | | | | | | | | |
| Cash transfers and grants | 5 540 | 6 940 | 6 740 | 6 480 | 17 180 | 17 180 | 17 180 | 11 500 | 2 500 | 2 500 |
| Non-cash transfers and grants | - | - | - | - | - | - | - | - | - | - |
| Total transfers and grants | 5 540 | 6 940 | 6 740 | 6 480 | 17 180 | 17 180 | 17 180 | 11 500 | 2 500 | 2 500 |
| Contracted services | | | | | | | | | | |
| ASSET VERIFICATION | 1 017 | 3 660 | 9 397 | 5 000 | 4 000 | 4 000 | 4 000 | 15 000 | 15 000 | 15 000 |
| AUDIT FEES - OUTSOURCED | 2 075 | 2 002 | 2 651 | 3 000 | 4 339 | 4 339 | 4 339 | 4 258 | 4 258 | 4 258 |
| COMMISSION FEES | 5 019 | 4 678 | 8 076 | 9 000 | 7 000 | 7 000 | 7 000 | 7 420 | 7 420 | 7 420 |
| CONSULTATION FEES | 8 024 | 6 479 | 9 749 | 13 420 | 14 466 | 14 466 | 14 466 | 16 629 | 12 493 | 14 493 |
| FEES - EASYPAY SYSTEM | 994 | 1 167 | 1 244 | 1 481 | 1 481 | 1 481 | 1 481 | 1 570 | 1 570 | 1 570 |
| GUARD SERVICES : RENTAL | 30 388 | 31 454 | 30 820 | 32 000 | 32 000 | 32 000 | 32 000 | 33 920 | 33 920 | 33 920 |
| METER READING SERVICES | 3 934 | 4 834 | 2 673 | 4 883 | 5 883 | 5 883 | 5 883 | 6 236 | 6 236 | 6 236 |
| RESEARCH AND DEVELOPMENT | 4 016 | 2 606 | 1 461 | 5 450 | 12 450 | 12 450 | 12 450 | 1 618 | 2 063 | 1 618 |
| SWIMMING SUPERVISION | 511 | 350 | 523 | 561 | 561 | 561 | 561 | 460 | 460 | 460 |
| TERMINATION OF SERVICES | - | 1 276 | 755 | 1 350 | 2 350 | 2 350 | 2 350 | 2 491 | 2 491 | 2 491 |
| VALUATION ROLL | - | 7 840 | 1 049 | 1 000 | 1 000 | 1 000 | 1 000 | 1 060 | 1 060 | 1 060 |
| VALUATIONS - INTERIM | 402 | 435 | 113 | 600 | 600 | 600 | 600 | 636 | 636 | 636 |
| sub-total | 56 380 | 66 780 | 68 511 | 77 745 | 86 130 | 86 130 | 86 130 | 91 298 | 87 607 | 89 162 |
| Total contracted services | 56 380 | 66 780 | 68 511 | 77 745 | 86 130 | 86 130 | 86 130 | 91 298 | 87 607 | 89 162 |
| Other Expenditure By Type | | | | | | | | | | |
| Audit fees | 3 247 | 4 898 | 4 774 | 3 700 | 6 200 | 6 079 | 6 079 | 6 200 | 5 982 | 6 255 |
| General expenses | 177 092 | 85 605 | 234 096 | 110 550 | 145 209 | 78 628 | 78 628 | 105 023 | 105 709 | 109 578 |
| ADMINISTRATION CHARGES | 1 321 | 4 132 | 27 125 | 2 | 2 | 1 | 1 | 2 | 2 | 2 |
| ADVERTISEMENTS | 548 | 698 | 1 851 | 2 200 | 2 800 | 2 886 | 2 886 | 2 800 | 2 702 | 2 825 |
| AUDIT COMMITTEE FEES | 575 | 955 | 864 | 694 | 694 | 736 | 736 | 694 | 722 | 755 |
| AWARENESS CAMPAIGNS | 154 | 170 | 185 | 231 | 231 | 211 | 211 | 231 | 223 | 233 |
| BANK CHARGES | 3 039 | 3 311 | 3 380 | 4 000 | 4 000 | 2 740 | 2 740 | 4 000 | 3 860 | 4 035 |
| CELL PHONES | 2 332 | 2 995 | 3 255 | 5 000 | 5 000 | 4 594 | 4 594 | 4 000 | 3 860 | 4 035 |
| CHILDREN & COMMUNITY PROGRAMS | 800 | 908 | 1 474 | 3 233 | 2 417 | 2 333 | 2 333 | 2 417 | 2 832 | 2 961 |
| CONFERENCES/CONGRESS | 14 | 141 | 119 | 900 | 909 | 203 | 203 | 909 | 877 | 917 |
| DATA - COMMUNICATION | 603 | 899 | 2 515 | 2 318 | 2 318 | 3 187 | 3 187 | 2 318 | 2 637 | 2 757 |
| DEPARTMENTAL CHARGES | 9 862 | 7 221 | 10 157 | 11 436 | 12 066 | 5 750 | 5 750 | 12 008 | 11 587 | 12 114 |
| DISCIPLINARY COMMITTEE | 2 308 | 1 419 | 1 719 | 1 539 | 3 139 | 2 338 | 2 338 | 3 139 | 4 029 | 4 212 |
| FLEET MANAGEMENT | 20 234 | 15 093 | 15 534 | 5 000 | 5 000 | 36 637 | 36 637 | 5 000 | 5 325 | 5 567 |
| FREE BASIC SERVICES | 17 925 | 20 760 | 19 559 | 23 400 | 23 400 | 26 083 | 26 083 | 23 400 | 22 579 | 23 788 |
| LEGAL EXPENSES | 5 615 | 6 375 | 12 151 | 15 420 | 19 991 | 24 567 | 24 567 | 19 571 | 20 384 | 21 489 |
| POINT DUTY | 1 650 | 1 687 | 2 461 | 2 000 | 3 700 | 2 742 | 2 742 | 3 700 | 3 570 | 4 733 |
| RURAL HOUSEHOLD ELECTRIFICATIO | 23 009 | 38 170 | 31 000 | 92 000 | 40 000 | 60 572 | 60 572 | 45 000 | 47 700 | 50 562 |
| RURAL HOUSEHOLD SANITATION | 37 634 | 23 973 | 40 590 | 37 000 | 37 000 | 4 544 | 4 544 | 39 220 | 37 843 | 40 114 |
| REBATE - ASSESSMENT RATES | 9 415 | - | - | 2 000 | 2 000 | 48 099 | 48 099 | 2 000 | 1 930 | 2 018 |
| TRAINING | 38 262 | 7 327 | 7 658 | 11 593 | 11 593 | 4 914 | 4 914 | 11 593 | 11 186 | 11 695 |
| WARD COMMITTEE MEETINGS | 5 109 | 4 915 | 6 267 | 6 000 | 6 316 | 7 879 | 7 879 | 6 316 | 6 094 | 6 372 |
| FUEL AND OIL | 7 113 | 7 706 | 23 100 | 20 008 | 20 000 | 22 917 | 22 917 | 21 200 | 20 456 | 22 183 |
| SPECIAL EVENTS | 1 210 | 11 986 | 15 776 | 10 275 | 18 611 | 23 956 | 23 956 | 18 611 | 19 541 | 20 930 |
| Total 'Other' Expenditure | 369 073 | 251 345 | 465 610 | 370 499 | 372 597 | 372 597 | 372 597 | 339 352 | 341 629 | 360 129 |
| Repairs and Maintenance | | | | | | | | | | |
| Employee related costs | | | | | | | | | | |
| Other materials | 144 648 | 142 278 | 163 393 | 177 520 | 201 979 | 182 980 | 184 734 | 113 787 | 120 615 | 127 852 |
| Contracted Services | | | | | | | | | | |
| Other Expenditure | | | | | | | | | | |
| Total Repairs and Maintenance Expenditure | 144 648 | 142 278 | 163 393 | 177 520 | 201 979 | 182 980 | 184 734 | 113 787 | 120 615 | 127 852 |

Table 62 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

| Description | Vote 1 - COUNCIL | Vote 2 - Office of the Municipal Manger | Vote 3 - Strategic Planning Monitoring and | Vote 4 - Engineering Services | Vote 5 - Community Services | Vote 6 - Community Development | Vote 7 - Corporate and Shared Services | Vote 8 - Planning and Economic Development | Vote 9 - Budget and Treasury | Vote 10 - Transport Operations | Total |
|--|---------------------|--|--|-------------------------------------|-----------------------------------|--------------------------------------|---|--|------------------------------------|--------------------------------------|-----------|
| R thousand | | | | | | | | | | | |
| Revenue By Source | | | | | | | | | | | |
| Property rates | | | | | | | | | 332 000 | | 332 000 |
| Service charges - electricity revenue | | | | 872 876 | | | | | | | 872 876 |
| Service charges - water revenue | | | | 274 535 | | | | | | | 274 535 |
| Service charges - sanitation revenue | | | | 60 858 | | | | | | | 60 858 |
| Service charges - refuse revenue | | | | | 67 058 | | | | | | 67 058 |
| Service charges - other | | | | | | | | | | | - |
| Rental of facilities and equipment | | | | | 1 496 | 7 485 | | 4 519 | | | 13 500 |
| Interest earned - external investments | | | | | | | | | 25 100 | | 25 100 |
| Interest earned - outstanding debtors | | | | | | | | | 2 140 | | 2 140 |
| Fines | | | | 64 | 11 875 | 61 | | | | | 12 000 |
| Licences and permits | | | | | 11 872 | | | 519 | 109 | | 12 500 |
| Agency services | | | | | 18 800 | | | | | | 18 800 |
| Other revenue | | | | 388 | 9 799 | 2 562 | 4 748 | 10 089 | 37 714 | | 65 300 |
| Transfers recognised - operational | | | | 45 000 | | | | | 785 078 | | 830 078 |
| Gains on disposal of PPE | | | | | | | | 2 100 | | | 2 100 |
| Total Revenue (excluding capital transfers and contributions) | - | - | - | 1 253 721 | 120 899 | 10 108 | 4 748 | 17 226 | 1 182 141 | - | 2 588 844 |
| Expenditure By Type | | | | | | | | | | | |
| Employee related costs | 12 888 | 16 349 | 17 467 | 135 224 | 195 048 | 60 142 | 97 058 | 43 705 | 54 561 | 12 547 | 644 989 |
| Remuneration of councillors | 35 326 | | | | | | | | | | 35 326 |
| Debt impairment | 50 000 | | | | | | | | | | 50 000 |
| Depreciation & asset impairment | 276 | 1 310 | 2 123 | 86 995 | 5 983 | 53 029 | 5 507 | 28 510 | 939 | 328 | 185 000 |
| Finance charges | | | | | | | | | 38 000 | | 38 000 |
| Bulk purchases | | | | 839 635 | | | | | | | 839 635 |
| Other materials | | 181 | 631 | 54 475 | 22 489 | 17 660 | 11 071 | 6 | 21 | 11 | 106 546 |
| Contracted services | | 4 258 | 113 | 8 767 | 38 276 | 1 176 | 12 | 1 248 | 37 448 | | 91 298 |
| Transfers and grants | 11 500 | | | | | | | | | | 11 500 |
| Other expenditure | 32 335 | 6 125 | 3 512 | 111 256 | 23 507 | 33 827 | 75 181 | 7 310 | 62 549 | 4 991 | 360 594 |
| Loss on disposal of PPE | | | | | | | | | | | - |
| Total Expenditure | 142 324 | 28 223 | 23 845 | 1 236 352 | 285 304 | 165 834 | 188 829 | 80 779 | 193 517 | 17 878 | 2 362 887 |
| Surplus/(Deficit) | (142 324) | (28 223) | (23 845) | 17 369 | (164 405) | (155 727) | (184 082) | (63 553) | 988 624 | (17 878) | 225 957 |
| Transfers recognised - capital | | | | | | | | | 464 689 | | 464 689 |
| Surplus/(Deficit) after capital transfers & contributions | (142 324) | (28 223) | (23 845) | 17 369 | (164 405) | (155 727) | (184 082) | (63 553) | 1 453 313 | (17 878) | 690 646 |

Table 63 MBRR Table SA3 – Supporting detail to Statement of Financial Position

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | |
| ASSETS | | | | | | | | | | |
| Call investment deposits | | | | | | | | | | |
| Call deposits < 90 days | 220 000 | 110 000 | | 330 000 | 80 000 | 80 000 | 80 000 | 150 000 | 150 000 | 50 000 |
| Other current investments > 90 days | | | | | | | | | | |
| Total Call investment deposits | 220 000 | 110 000 | - | 330 000 | 80 000 | 80 000 | 80 000 | 150 000 | 150 000 | 50 000 |
| Consumer debtors | | | | | | | | | | |
| Consumer debtors | 604 204 | 574 957 | 593 118 | 634 957 | 693 929 | 693 929 | 693 929 | 693 929 | 693 929 | 693 929 |
| Less: Provision for debt impairment | (220 759) | (220 759) | (220 759) | (270 759) | (570 759) | (570 759) | (570 759) | (570 759) | (570 759) | (570 759) |
| Total Consumer debtors | 383 445 | 354 198 | 372 359 | 364 198 | 123 170 | 123 170 | 123 170 | 123 170 | 123 170 | 123 170 |
| Debt impairment provision | | | | | | | | | | |
| Balance at the beginning of the year | 220 759 | 220 759 | 220 759 | 220 759 | 220 759 | 220 759 | 220 759 | 220 759 | 220 759 | 220 759 |
| Contributions to the provision | 50 000 | 50 000 | 50 000 | 50 000 | 350 000 | 350 000 | 350 000 | 50 000 | 50 000 | 50 000 |
| Bad debts written off | | | | | | | | | | |
| Balance at end of year | 270 759 | 270 759 | 270 759 | 270 759 | 570 759 | 570 759 | 570 759 | 270 759 | 270 759 | 270 759 |
| Property, plant and equipment (PPE) | | | | | | | | | | |
| PPE at cost/valuation (excl. finance leases) | 6 416 308 | 8 044 181 | 9 341 082 | 8 597 387 | 8 643 551 | 8 643 551 | 8 643 551 | 9 466 240 | 10 237 525 | 11 000 501 |
| Leases recognised as PPE | | | | | | | | | | |
| Less: Accumulated depreciation | 751 528 | 751 528 | 751 528 | 956 528 | 956 528 | 956 528 | 956 528 | 1 041 286 | 1 126 128 | 1 210 055 |
| Total Property, plant and equipment (PPE) | 5 664 780 | 7 292 652 | 8 589 553 | 7 640 858 | 7 687 023 | 7 687 023 | 7 687 023 | 8 424 954 | 9 111 397 | 9 790 446 |
| LIABILITIES | | | | | | | | | | |
| Current liabilities - Borrowing | | | | | | | | | | |
| Short term loans (other than bank overdraft) | 2 499 | 2 499 | 2 499 | 2 499 | 2 499 | 2 499 | 2 499 | 2 499 | 2 499 | 2 499 |
| Current portion of long-term liabilities | 36 385 | 69 294 | 70 345 | 69 294 | 69 294 | 69 294 | 69 294 | 84 602 | 102 944 | 107 373 |
| Total Current liabilities - Borrowing | 38 884 | 71 792 | 72 843 | 71 792 | 71 792 | 71 792 | 71 792 | 87 101 | 105 442 | 109 872 |
| Trade and other payables | | | | | | | | | | |
| Trade and other creditors | 288 469 | 314 181 | 352 681 | 390 000 | 499 809 | 499 809 | 499 809 | 400 000 | 500 000 | 600 000 |
| Unspent conditional transfers | 194 553 | 274 579 | 195 135 | 330 000 | 17 500 | 17 500 | 17 500 | 45 000 | 45 000 | 45 000 |
| VAT | | | | | | | | | | |
| Total Trade and other payables | 483 022 | 588 760 | 547 816 | 720 000 | 517 309 | 517 309 | 517 309 | 445 000 | 545 000 | 645 000 |
| Non current liabilities - Borrowing | | | | | | | | | | |
| Borrowing | 262 203 | 235 591 | 243 043 | 237 296 | 237 296 | 237 296 | 237 296 | 236 820 | 368 876 | 395 503 |
| Finance leases (including PPP asset element) | 21 269 | 73 498 | | | | | | | | |
| Total Non current liabilities - Borrowing | 283 472 | 309 088 | 243 043 | 237 296 | 237 296 | 237 296 | 237 296 | 236 820 | 368 876 | 395 503 |
| Provisions - non-current | | | | | | | | | | |
| Retirement benefits | 160 387 | 186 197 | | 186 247 | 186 247 | 186 247 | 186 247 | 204 889 | 246 121 | 286 121 |
| Refuse landfill site rehabilitation | 3 686 | 4 055 | | 4 055 | 4 055 | 4 055 | 4 055 | 4 461 | 4 907 | 9 907 |
| Other | 30 314 | 14 537 | 244 713 | 14 537 | 14 537 | 14 537 | 14 537 | 32 261 | 46 722 | 56 722 |
| Total Provisions - non-current | 194 387 | 204 789 | 244 713 | 204 839 | 204 839 | 204 839 | 204 839 | 241 611 | 297 750 | 352 750 |
| CHANGES IN NET ASSETS | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | | | | | | | | | |
| Accumulated Surplus/(Deficit) - opening balance | 4 887 043 | 5 656 222 | 5 590 680 | 5 567 533 | 5 290 445 | 5 290 445 | 5 290 445 | 4 431 033 | 4 939 528 | 5 487 312 |
| GRAP adjustments | | | | | | | | | | |
| Restated balance | 4 887 043 | 5 656 222 | 5 590 680 | 5 567 533 | 5 290 445 | 5 290 445 | 5 290 445 | 4 431 033 | 4 939 528 | 5 487 312 |
| Surplus/(Deficit) | 44 016 | 25 121 | (103 519) | 582 191 | 627 500 | 627 500 | 627 500 | 690 646 | 735 376 | 830 332 |
| Accumulated Surplus/(Deficit) | 4 931 059 | 5 681 343 | 5 487 161 | 6 149 724 | 5 917 945 | 5 917 945 | 5 917 945 | 5 121 679 | 5 674 904 | 6 317 645 |
| Reserves | | | | | | | | | | |
| Housing Development Fund | 10 755 | 10 444 | - | 10 394 | 0 | 0 | 0 | | | |
| Revaluation | 770 839 | 1 918 739 | 3 394 132 | 1 718 739 | 1 718 739 | 1 718 739 | 1 718 739 | 3 394 132 | 3 394 132 | 3 394 132 |
| Total Reserves | 781 594 | 1 929 184 | 3 394 132 | 1 729 134 | 1 718 740 | 1 718 740 | 1 718 740 | 3 394 132 | 3 394 132 | 3 394 132 |
| TOTAL COMMUNITY WEALTH/EQUITY | 5 712 652 | 7 610 526 | 8 881 293 | 7 878 857 | 7 636 685 | 7 636 685 | 7 636 685 | 8 515 811 | 9 069 036 | 9 711 776 |

Table 64 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

| Description of economic indicator | Basis of calculation | 2001 Census | 2007 Survey | 2011 Census | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|----------------------|-------------|-------------|-------------|---------|---------|---------|-------------------------|---|---------|---------|
| | | | | | Outcome | Outcome | Outcome | Original Budget | Outcome | Outcome | Outcome |
| Demographics | | | | | | | | | | | |
| Population | Stats SA Estimates | 508 | - | 629 | 629 | 629 | 465 | 638 | 640 | 641 | 642 |
| Females aged 5 - 14 | Stats SA Estimates | 47 | | 58 | 58 | 58 | 66 | 59 | 59 | 60 | 60 |
| Males aged 5 - 14 | Stats SA Estimates | 48 | | 60 | 60 | 60 | 66 | 61 | 61 | 61 | 61 |
| Females aged 15 - 34 | Stats SA Estimates | 100 | | 123 | 123 | 123 | 60 | 125 | 125 | 126 | 126 |
| Males aged 15 - 34 | Stats SA Estimates | 100 | | 123 | 123 | 123 | 60 | 125 | 125 | 126 | 126 |
| Unemployment | Stats SA Estimates | 211 | | 204 | 204 | 204 | 151 | 207 | | | |
| | | | | | | | | | | | |
| Monthly household income (no. of households) | | | | | | | | | | | |
| No income | Stats SA | 21,485 | | 24,585 | 24,585 | 24,585 | 24,585 | 24,585 | 24,585 | 24,585 | 24,585 |
| R1 - R4 800 | Stats SA | 7,473 | | 8,551 | 8,551 | 8,551 | 8,551 | 8,551 | 8,551 | 8,551 | 8,551 |
| R4801 - R9600 | Stats SA | 13,234 | | 15,051 | 15,051 | 15,051 | 15,051 | 15,051 | 15,051 | 15,051 | 15,051 |
| R9601 - R19600 | Stats SA | 30,048 | | 34,367 | 34,367 | 34,367 | 34,367 | 34,367 | 34,367 | 34,367 | 34,367 |
| R19601 - R38200 | Stats SA | 30,671 | | 35,053 | 35,053 | 35,053 | 35,053 | 35,053 | 35,053 | 35,053 | 35,053 |
| R38201 - R76400 | Stats SA | 18,216 | | 20,794 | 20,794 | 20,794 | 20,794 | 20,794 | 20,794 | 20,794 | 20,794 |
| R76401 - R153800 | Stats SA | 12,611 | | 14,454 | 14,454 | 14,454 | 14,454 | 14,454 | 14,454 | 14,454 | 14,454 |
| R153801 - R307600 | Stats SA | 11,210 | | 12,900 | 12,900 | 12,900 | 12,900 | 12,900 | 12,900 | 12,900 | 12,900 |
| R307 601- R614400 | Stats SA | 7,162 | | 8,201 | 8,201 | 8,201 | 8,201 | 8,201 | 8,201 | 8,201 | 8,201 |
| R614 001 - R 1 228 800 | Stats SA | 2,491 | | 2,834 | 2,834 | 2,834 | 2,834 | 2,834 | 2,834 | 2,834 | 2,834 |
| R1228801- R2 457 600 | Stats SA | 623 | | 691 | 691 | 691 | 691 | 691 | 691 | 691 | 691 |
| > R2457601 | Stats SA | 467 | | 510 | 510 | 510 | 510 | 510 | 510 | 510 | 510 |
| | | | | | | | | | | | |
| Household/demographics (000) | | | | | | | | | | | |
| Number of people in municipal area | | 508,277 | | 628,999 | 579 | 638 | 629 | 638 | 629 | 629 | 629 |
| Number of households in municipal area | | 124,978 | | 130,361 | 130 | 130 | 178 | 157 | 178 | 178 | 178 |
| | | | | | | | | | | | |
| Housing statistics | | | | | | | | | | | |
| Formal | | 99,107 | | 110,285 | 110,285 | 110,285 | 171,539 | 135,688 | 171,539 | 171,539 | 171,539 |
| Informal | | 25,871 | | 20,076 | 20,076 | 20,076 | 6,462 | 20,878 | 6,462 | 6,462 | 6,462 |
| Total number of households | | 124,978 | - | 130,361 | 130,361 | 130,361 | 178,001 | 156,566 | 178,001 | 178,001 | 178,001 |
| | | | | | | | | | | | |
| Economic | | | | | | | | | | | |
| Inflation/inflation outlook (CPIX) | | | | | 5.4% | 6.0% | 6.0% | 5.1% | 6.2% | 5.9% | 5.5% |
| Interest rate - borrowing | | | | | 17.0% | 8.8% | 8.8% | 9.0% | 9.0% | 9.0% | 9.0% |
| Interest rate - investment | | | | | 8.5% | 7.5% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Remuneration increases | | | | | 8.5% | 6.0% | 6.0% | 6.2% | 6.8% | 6.4% | 6.4% |
| Consumption growth (electricity) | | | | | 1.5% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Consumption growth (water) | | | | | 1.5% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| | | | | | | | | | | | |
| Collection rates | | | | | | | | | | | |
| Property tax/service charges | | | | | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% |
| Rental of facilities & equipment | | | | | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% |
| Interest - external investments | | | | | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Interest - debtors | | | | | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% | 95.0% |
| Revenue from agency services | | | | | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Table 65 MBRR PHA Budget

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & | | |
|--|-------------------|--------------------|--------------------|----------------------|-------------------|--------------------|-------------------------------|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Financial Performance | | | | | | | | | |
| Property rates | | | | | | | | | |
| Service charges | 10 393 100 | 10 455 030 | 10 450 323 | 12 308 110 | 12 100 010 | 12 100 010 | 12 518 480 | 12 950 480 | 15 827 480 |
| Investment revenue | | | | | | | | | |
| Transfers recognised - operational | 5 300 000 | 6 700 000 | 6 500 000 | 6 700 000 | 16 700 000 | 16 700 000 | 11 500 000 | 1 650 000 | 1 815 000 |
| Other own revenue | 2 400 440 | 4 043 005 | 153 341 | 58 600 | 22 800 | 22 800 | 58 600 | 40 880 | 40 960 |
| Contributions recognised - capital & contributed assets | | | | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | 18 093 540 | 21 198 035 | 17 103 664 | 19 066 710 | 28 822 810 | 28 822 810 | 24 077 080 | 14 641 360 | 17 683 440 |
| Employee costs | 3 003 020 | 3 521 045 | 3 990 270 | 5 443 260 | 5 683 629 | 5 683 629 | 6 953 039 | 8 520 222 | 9 031 435 |
| Remuneration of Board Members | 1 208 924 | 1 096 976 | 1 224 000 | 1 421 830 | 1 714 451 | 1 714 451 | 1 888 418 | 1 982 838 | 2 081 980 |
| Depreciation & asset impairment | 3 586 263 | 4 632 237 | 9 271 427 | 4 600 000 | 4 600 000 | 4 600 000 | 7 000 000 | 7 350 000 | 7 717 500 |
| Finance charges | 3 519 313 | 3 264 771 | 4 726 263 | 2 200 000 | 2 200 000 | 2 200 000 | - | - | - |
| Materials and bulk purchases | | | | | | | | | |
| Transfers and grants | | | | | | | | | |
| Other expenditure | 3 333 505 | 9 887 353 | 3 004 275 | 5 019 500 | 5 499 006 | 5 499 006 | 5 699 500 | 5 910 475 | 6 492 999 |
| Total Expenditure | 14 651 025 | 22 402 382 | 22 216 235 | 18 684 590 | 19 697 086 | 19 697 086 | 21 540 957 | 23 763 535 | 25 323 914 |
| Surplus/(Deficit) | 3 442 515 | (1 204 347) | (5 112 571) | 382 120 | 9 125 724 | 9 125 724 | 2 536 123 | (9 122 175) | (7 640 474) |
| Capital expenditure & funds sources | | | | | | | | | |
| Capital expenditure | | | | | | | | | |
| Transfers recognised - operational | | | | | | | | | |
| Public contributions & donations | | | | | | | | | |
| Borrowing | | | | | | | | | |
| Internally generated funds | | | | | | | | | |
| Total sources | - | - | - | - | - | - | - | - | - |
| Financial position | | | | | | | | | |
| Total current assets | 9 586 | 5 154 | 4 828 | 6 300 | 6 300 | 6 300 | 6 350 | 7 000 | 7 500 |
| Total non current assets | 163 507 | 160 235 | 145 848 | 255 000 | 255 000 | 255 000 | 253 000 | 250 000 | 255 000 |
| Total current liabilities | 14 002 | 9 630 | 8 393 | 8 150 | 1 430 | 1 430 | 8 000 | 8 500 | 7 500 |
| Total non current liabilities | 54 508 | 52 380 | 44 705 | 43 300 | 41 020 | 41 020 | 43 500 | 42 150 | 45 120 |
| Equity | 104 583 | 103 379 | 97 578 | 209 850 | 218 850 | 218 850 | 207 850 | 206 350 | 209 880 |
| Cash flows | | | | | | | | | |
| Net cash from (used) operating | 2 484 | 2 656 | 5 501 | 2 546 | 2 546 | 2 546 | 3 546 | 4 543 | 5 000 |
| Net cash from (used) investing | 813 | (1 360) | (1 866) | 1 356 | 1 356 | 1 356 | 820 | 856 | 900 |
| Net cash from (used) financing | (3 534) | (2 128) | (3 468) | (2 654) | 6 446 | 6 446 | (2 500) | (4 000) | (4 020) |
| Cash/cash equivalents at the year end | 2 093 | 1 262 | 1 429 | 100 | 100 | 100 | 150 | 123 | 126 |

Please note that the table above is not in R'000. Figures had to reflect in full as the rounding in most fields was zero (0).

Municipal manager's quality certificate



Office of the Municipal Manager

I, Faith Maboya, Acting Municipal Manager of Polokwane Municipality, hereby certify that the 2016/17-2018/19 Draft Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the draft annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

PRINT NAME FAITH T. MABOYA

ACTING MUNICIPAL MANAGER OF POLOKWANE MUNICIPALITY (LIM354)

SIGNATURE _____

DATE 31 March 2016